

Sustainability

Report

2020



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Message from Management

GRI 102-14

2020 was one of the most challenging year ever as the global Covid-19 pandemic devastated Brazil and the world so suddenly and intensely, thrusting the international community into the midst of an unprecedented health crisis. As one of the largest health systems in the country, we play a key social role in fighting the pandemic. Here at Hapvida, we spare no resource and effort to preserve lives, families, and their stories, as we strive to provide all possible comfort and care even in the most difficult cases.

We have resized our service network, opened hundreds of new hospitalization beds. At a time when unemployment has become a parallel concern in our cities, we hired around 12,000 professionals to work with us in the fight against the pandemic. In all, R\$127.2 million was invested in personnel, medicines, materials, and third-party services.

We extend our hands in acts of solidarity to the communities in which we are inserted. Through the Ana Lima Foundation, we have strengthened our service to the more vulnerable social groups by donations of meals, medicines, hygiene materials, and other essential items. Understanding the delicate socio-economic context that this whole situation has caused, we held back on the readjustments provided in our plans, initially and on a voluntary basis, in order to minimize impact on our beneficiaries.

The urgency imposed by the pandemic has accelerated progress towards expanding access to health precautions for our population. An example of this was the adoption of telemedicine for the screening of patients suspected of Covid-19 through an innovative tool developed internally that enabled us to raise the level of safety of our healthcare service and reduce the risk of exposure of patients and health professionals without reducing the quality and humanized relationship that we are known for. In 2020, 322 thousand consultations were carried out in this modality.

Throughout the year, we took the best possible care of our beneficiaries and remained firm in the mission to extend our service to different regions of Brazil. Thus, in the second half of 2020, we resumed the expansion plan via acquisitions, focusing on assets that allow our entry into new regions, in addition to increasing verticalization of activities. There were eight new transactions, concentrated in the Southeast and Midwest regions: São José and Santa Filomena Group in São Paulo; the operator Premium Saúde in Minas Gerais and Distrito Federal; ProMed Group, also in Minas Gerais; and Hospital Nossa Senhora Aparecida, along with the client portfolios of the operators Samedh and Plamheg, in Goiás. We also adopted new employee contracting arrangements, with the lease of two hospitals—one in São Paulo and the other in Minas Gerais.

Investments in the physical structure of our units totaled more than R\$ 233 million, with 235 thousand square meters of built or renovated areas. We ended the year with 464 healthcare units, including hospitals, emergency care units, clinics, and diagnostic units. By the end of 2020 we reached an impressive 6.7 million customers in medical and dental plans.

The financial results were also expressive. Net revenue reached R\$ 8.5 billion, a growth of 51.8% compared to the previous year. Our EBITDA was even higher, at 63.8%, reaching R\$ 2.0 billion, with a margin of 23.6%. Net income ex-value-added, in turn, was R\$ 1.3 billion. In this context, our shares on the Brazilian stock exchange (B3) valued 22%, while in a period marked by extensive fluctuations in the financial market, the Ibovespa index had a 3% performance rate. Meanwhile, in order for our shares to follow the accessibility strategy that guides our business, we carried out a split operation that transformed each company stock into five.

To keep up with the growth, our structure management underwent important changes, evolving in the direction of best practices. As a reflection of our commitment to the topic, we created the Vice-Presidency of People, Management and Diversity, which aims to make Hapvida increasingly inclusive, combat all forms of discrimination, and provide equal opportunities

for all. We thus strengthened our "Way of Being Hapvida", with an even more human perspective of our team and customers, embracing all the diversity this ecosystem is home to.

Throughout the year, we worked intensively on the restructuring of our governance mechanisms, creating the departments of Internal Audit, Risk Management and Compliance, which all act independently with dedicated staff and systems to ensure the integrity of our processes in all the regions where we operate.

In this sense, we also improved our governance of sustainability, with the inclusion of the theme in the Advisory Committee to the Board of Directors that dealt with governance and people—now called the Governance, People and Sustainability Committee. The Investor Relations Management has aggregated the responsibility of managing such issues with the backing of a specialized team.

In this journey, we began to design our sustainability strategic plan to be executed from 2021 onward. As a result of this effort, we will define the axes and themes to be prioritized by the company in the environmental, social and governance spheres, based on the challenges identified and the strengths we've built on throughout our history.

We keep in mind that our main commitment to sustainability integrates our purpose: "to ensure access to quality healthcare to our people". We work daily for a more sustainable, inclusive, and fair world to "ensure full and prosperous lives in harmony with nature", as proposed by the 2030 Agenda for Sustainable Development of the United

Nations (UN). We strongly believe that fullness and prosperity are only possible in a healthy society.

We closed the year in preparation for a transformational strategic movement: consolidation with the Notre Dame Intermedica Group (GNDI), which together with the Hapvida system is at the forefront of the supplementary health market in Brazil. The synergies of the business alliance will provide a series of possibilities for both cost optimization and operational efficiency, expanding the capacity of our care to benefit those who matter most: our customers.

Amid one of the most complex moments experienced by our society, having the security of a health insurance plan has become a top priority among the Brazilian population. Unfortunately, 75.5% of people in the country do not yet have access to supplementary health care. This is the challenge that makes us work tirelessly in the search to serve an increasing number of people, with quality and efficiency.

In our next Sustainability Report we hope to share the joy of overcoming this global health crisis. Even if we do not know how we arrived at a problem of this dimension, there is one certainty that guides us: we will be part of the solution. For this reason, I would like to express my eternal gratitude to each person on our team, who, with courage and solidarity, never gave up the fight. It is an honor to be part of this team, formed by more than 35 thousand tireless professionals. Together, we are making history.



Jorge Pinheiro Koren de Lima
CEO

Highlights 2020

6.7 million beneficiaries served by health and dental plans.

3.8 thousand suppliers of goods and services in the value chain.

The launch of **our telemedicine platform**.

R\$8.5 billion of net revenue, up 51.8% compared to the previous year.

The first and only supplementary health care provider in Brazil to display daily bulletins with updated data and information on the pandemic.

Expansion of the service network through the acquisition of verticalized healthcare providers, as well as the purchase and lease of hospitals in the Brazil's Midwest and Southeast regions.

About **R\$ 230 million** invested in our network (constructions, reforms, and expansions).

The creation of the **Vice-Presidency of Digital Innovation** and the **Vice-Presidency of People, Management and Diversity**.

R\$ 8.7 million invested in **Socio-Environmental Responsibility projects**.

35.5 thousand employees on staff, an increase of 59% compared to 2019.

Inauguration of the Operational Technical Center (OTC), a diagnostic medicine center with smart management systems, in partnership with Roche Diagnostics, located in Recife (PE).

The disclosure of the new corporate brand with renewed purpose, positioning, and values.

The launch of the medical management platform Octopus, which in 2020 was responsible for processing the majority of pre-authorizations for medical procedures.

142.1 thousand hours of professional training programs carried out.

Our **business**



Who we are

GRI 102-2; 102-3

The Hapvida system, founded in 1979 in the city of Fortaleza (CE)—the location of the headquarters—is currently one of the largest private health and dental groups in the country in number of beneficiaries, with about 6.7 million customers in all regions of Brazil.

After the movement experienced by the company in 2019—a period of accelerated expansion with the acquisition of large national health operators—the year 2020 was marked by constant investments in infrastructure and the procurement of equipment, materials, and medicines to cope with the Covid-19 pandemic.

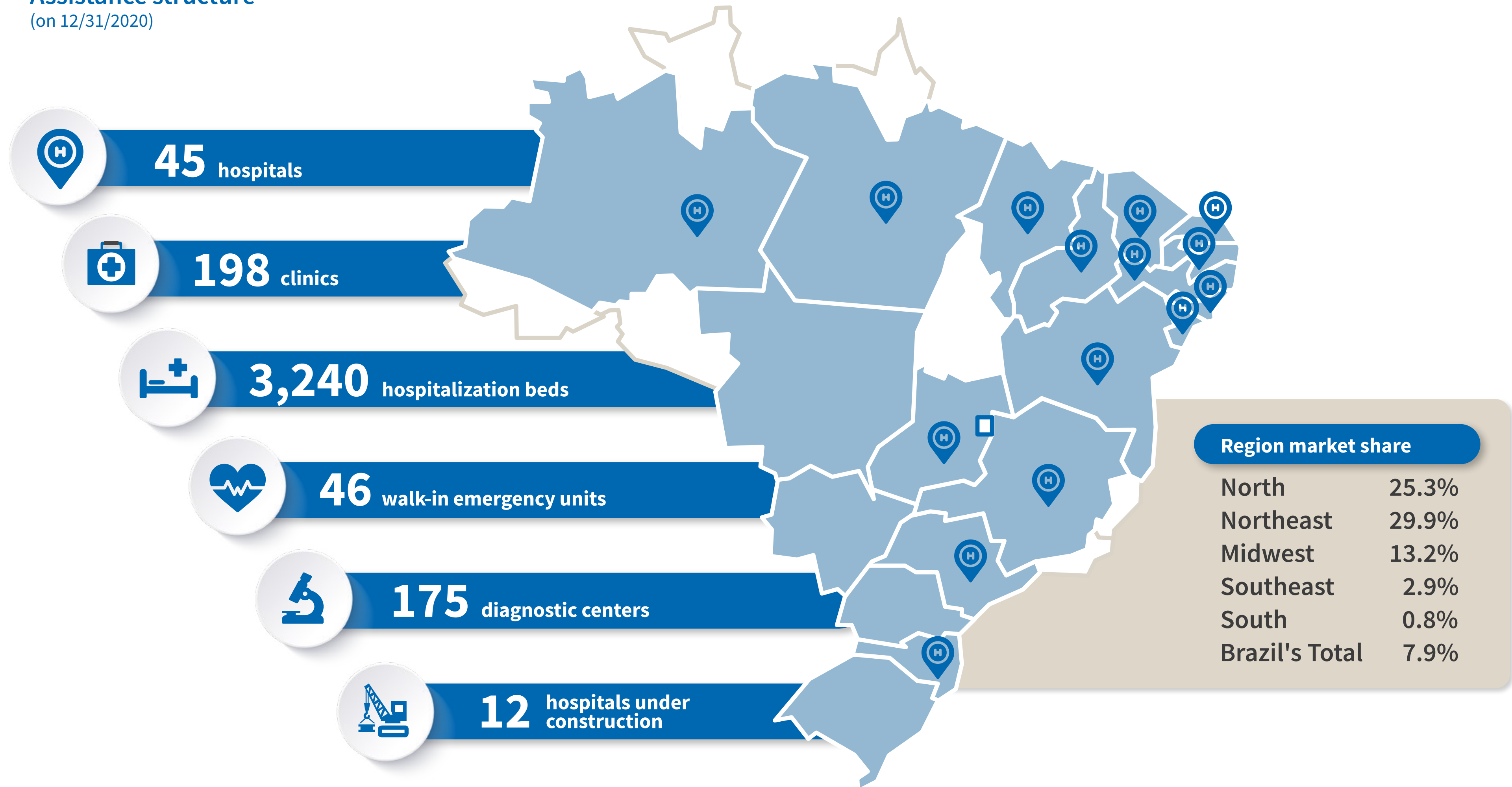
Where we are (on 12/31/2020)

GRI 102-4; 102-6; 102-7

REGION	HOSPITALS	WALK-IN EMERGENCY UNITS	CLINICS	DIAGNOSTIC CENTERS	TOTAL
North	6	3	15	16	40
Northeast	23	15	77	72	187
Midwest	4	5	32	20	61
Southeast	11	23	72	65	171
South	1	0	2	2	5
Total	45	46	198	175	464



Assistance structure
(on 12/31/2020)



Hapvida against Covid-19

Since the first diagnosed cases of the pandemic in Brazil, Hapvida began to develop several preventive and palliative actions to cope with Covid-19 within its network. These actions, coordinated by a multidisciplinary Crisis Committee, included investments, relocation of supplies and teams, development of new protocols, systematic evaluation of the necessary measures in order to offer the appropriate assistance in each scenario. In addition, a pandemic-specific call center was established with doctors, nurses, and a 24-hour chatbot providing support to Hapvida beneficiaries.

The Hapvida system has hospitals, emergency care units, clinics, diagnostic imaging centers, and laboratory collection facilities. This entire infrastructure is set in place to meet the demands of the beneficiaries of Hapvida's smart health insurance plans.



Hapvida against Covid-19



Investment of R\$ 127 million in personnel, medicines, materials, and outsourced services.

322 thousand teleconsultations and services via chatbot.

Hiring of 12,180 professionals for reinforcements during the pandemic.

Dispatching medical professionals and supplies to the most affected regions, through chartered aircraft.

The launch of the telemedicine platform developed by our internal team.

Daily monitoring of the scenario and risks by the Crisis Committee.

Circulation of Hapvida News, the daily newsletter published on our different social network profiles and pages, in which we give updates on the development of cases attended by the Hapvida system such as number of hospitalizations, confirmed and suspected cases, and registered deaths.

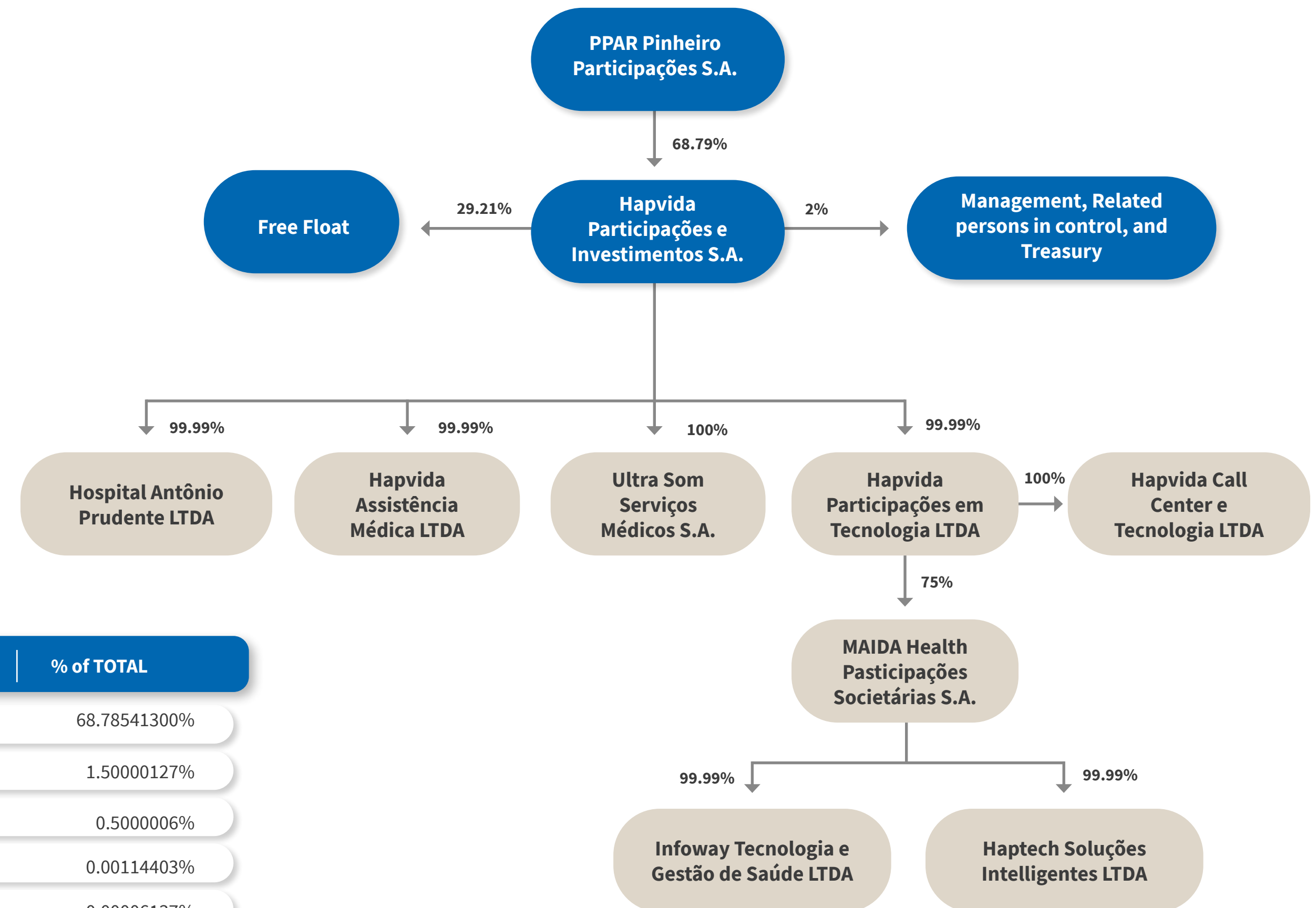
Maida.Health, a Hapvida company, launched and made available to the entire Brazilian national health system a software program based on artificial intelligence that performs the screening of cases of patients suspected of Covid-19, with X-ray imaging examinations and chest computed tomography.

Corporate structure

GRI 102-1; 102-5

Hapvida Participações e Investimentos S.A. is a publicly traded holding company. It started trading its shares in the Novo Mercado (New Market) special segment at [B]3 – Brasil Bolsa Balcão, under ticker HAPV3.

Hapvida closed the year 2020 with 3,714,929,530 shares, 29.2% of this total corresponding to shares in circulation and 68.8% belonging to its majority shareholder, PPAR Pinheiro Participações S. A.



Shareholder composition (on 12/31/2020)

SHAREHOLDER	ON SHARES	% of TOTAL
PPAR Pinheiro Participações S.A.	2,555,329,620	68.78541300%
Related persons in control	55,723,990	1.50000127%
Related Natural Persons	18,574,650	0.50000006%
Members and Managers	42,500	0.00114403%
Treasury	2,280	0.00006137%
Free Float	1,085,256,490	29.21338026%
TOTAL	3,714,929,530	100%

Acquisitions

GRI 102-2; 102-10

Anchored in verticalization, Hapvida's business model differs from those adopted by most health care providers in Brazil, focusing on capacity and control of equipment and essential inputs to provide excellent care to our beneficiaries. In this sense, in 2020 the company continued its expansion and consolidation movement, especially in the southeast and midwest regions, through the acquisition of organizations with a wide service network already established in the Brazilian private health market.

This strategy is also reflected in the acquisitions made in the previous year and consolidated effectively in 2020, such as RN Saúde being incorporated into the Hapvida system in January, and Medical of Limeira (SP), integrated in November. We also carried out the reorganization and corporate incorporation of the three operators of América Group — AME Planos de Saúde Ltda, Promed Assistência Médica Ltda, and Jardim América Saúde Ltda in September. The acquisitions and agreements entered into throughout the year 2020 are listed below.



Midwest

Plamheg

With 18 thousand beneficiaries in the region of Anápolis and Goianésia (GO) and composed mostly of corporate group healthcare insurance plans (91%), the acquisition of the beneficiary portfolio of Plamheg Plano de Assistência Médica e Hospitalar in the state of Goiás constituted another big step forward in the expansion of Hapvida's coverage in the region, where it already has around 220 thousand beneficiaries.

Samedh

Valued at R\$ 20 million, the acquisition of the portfolio of beneficiaries of Samedh, Goiânia (GO), greatly strengthened the company's participation in the midwest region. To further qualify the care offered to the approximately 18 thousand beneficiaries, the implementation of a hospital, an emergency room, a healthcare clinic, and two diagnostic units in the region is set to begin in 2021.

Southeast

Sinhá Junqueira Maternity Hospital

Also, in September, Hapvida announced the lease for R\$ 11 million of the Sinhá Junqueira Hospital in Ribeirão Preto (Sao Paulo state), a national and international reference in the areas of pediatrics and obstetrics. With 7.4 thousand square meters of infrastructure, the institution provides 100 hospital beds, as well as emergency care, surgical center, neonatal and pediatric ICU, premature unit, and nurseries.

Santa Filomena Group

In September, the acquisition went through of 100% of the shares of the Santa Filomena Group: Filosanitas Saúde Ltda. (Filosanitas), Casa de Saúde e Maternidade Santa Filomena S. A. (Hospital Santa Filomena), Centro Médico Santa Filomena Ltda. and the specialized medical center Santa Filomena Ltda. Based in Rio Claro (SP), the purchase, agreed at R\$45 million, was another important step forward in expanding capacity in the Southeast.

Premium Saúde

Announced in November, the purchase of Premium Health Group, for R\$ 150 million, has a portfolio of around 125 thousand beneficiaries of health insurance plans and 10 thousand beneficiaries of dental plans. The portfolio is mainly concentrated in the Metropolitan Region of Belo Horizonte (MG), Brasília (DF) and Montes Claros (MG).

São José Group

In July, the purchase of the São José Saúde Group was announced for R\$ 320 million, formed by hospitals and clinics in the Paraíba Valley, in São Paulo state. The negotiation involved 100% of the capital of the health operator Clínica São José Saúde and Clínica São José, as well as 56% of the capital of Pro-Infância SJC Hospital and the Pediatric Emergency Room. With operations in municipalities that total around 1.6 million inhabitants, the group aggregates approximately 60 thousand beneficiaries.

Promed Group

The largest acquisition of the year added around 270 thousand beneficiaries to Hapvida through a deal of the order of R\$ 1.5 billion, marking the entry of the company in Belo Horizonte (Minas Gerais State). The acquisition includes three hospitals with 255 hospital beds, among them Vera Cruz, one of the most traditional and recognized in the state, as well as seven primary care clinics and a day hospital with 18 beds. Hapvida plans to increase the verticalization of Promed Group, which at the time of the agreement was only at 5%.

NotreDame Intermédica Group - GNDI

At the beginning of 2021, Hapvida began the process of merging business with the NotreDame Intermédica Group (GNDI), two verticalized companies with complementary operations. The transaction, awaiting approval by the regulatory bodies, will be through the payment to GNDI shareholders with new shares to be issued by Hapvida, in addition to a cash portion. The two companies combined totaled a market value of roughly R\$110 billion at the time of the announcement.

Hapvida and Intermédica have complementary geographies and their union will enable the creation of the only company with its own national network, leading us to the position of leaders in the Brazilian market of medical insurance plans.

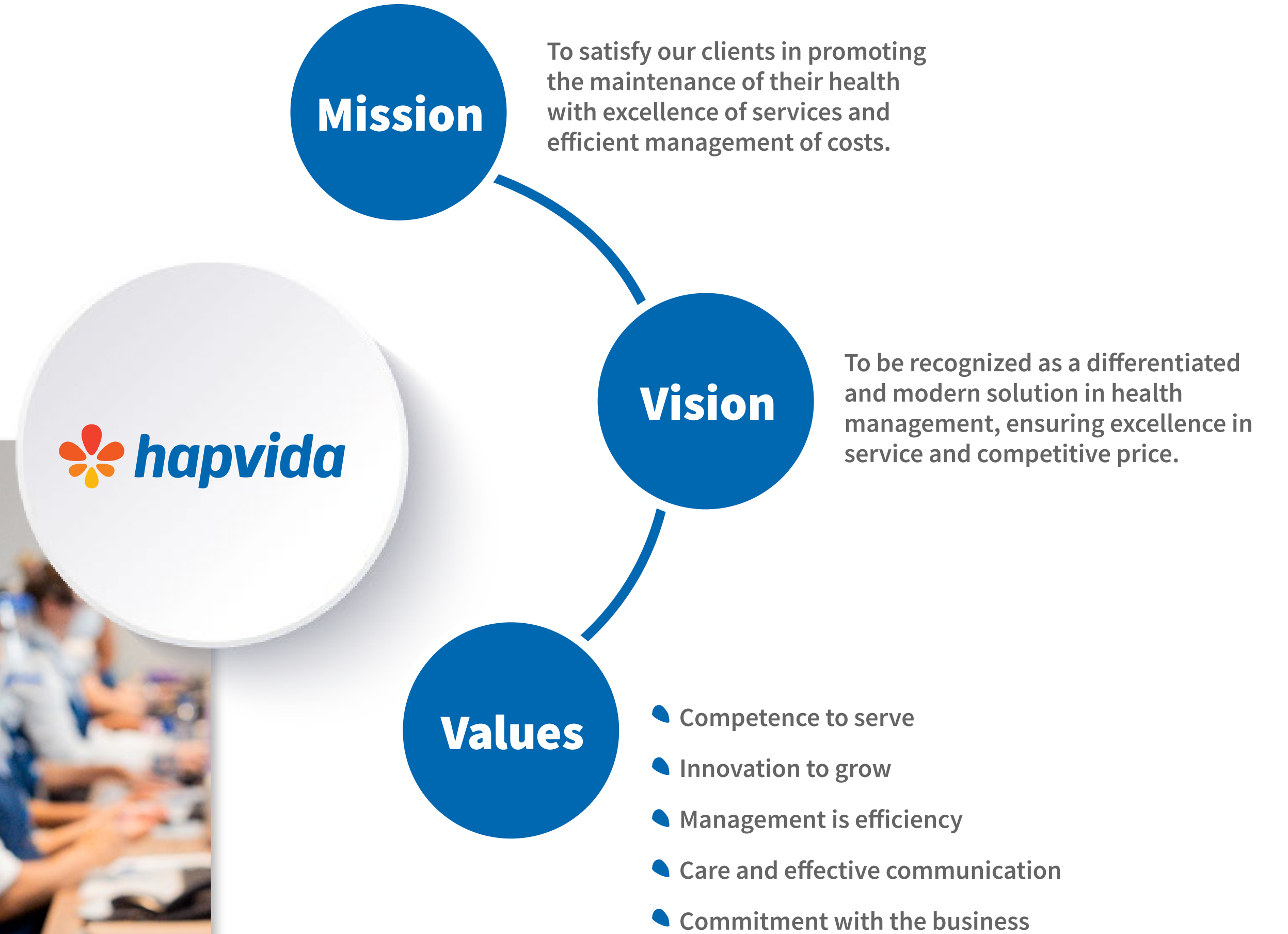
This alliance is an important step towards increasing the penetration capacity in previously under-exploited regions and markets and has the potential to reduce claims, improve medical protocols with the best practices of the two companies, and leverage our own network with the offering of new products and services.

The consummation of the operation, expected to be completed in the first half of 2022, is subject to the verification of suspensive conditions, including approval by the Administrative Council for Economic Defense (Cade) and the National Supplementary Health Agency (ANS).

Strategy

GRI 102-16

Aligned with the purpose of "ensure access to quality healthcare to our people", the strategy of the Hapvida System focuses on offering highly qualified medical-dental care to the population, at the greatest possible capacity. To this end, we develop products and services at affordable values and broad coverage, investing heavily in preventive medicine, technology, and innovation.



Competitive advantages

GRI 103-1; 103-2; 103-3

Innovation

The company provides not only a competitive advantage in the form of innovation, but also a pillar for sustainable growth. In this sense, in addition to the Innovation and Transformation Committee, which acts for the maturation and expansion of technological services and resources, Hapvida has its own health-tech entity: Maida.Health.

Responsible for developing innovative solutions, Maida adds precision, agility in analysis, behavior prediction, and robotization, adding cutting-edge technology to the procedures. Such solutions allow management with expertise, negotiation of high-cost material, performance in post-health management, and high-level automation of services and data intelligence.

Among the projects developed by Maida in 2020, a highlight is Octopus, an innovative medical management platform responsible for the processing and pre-authorization of medical procedures. By applying artificial intelligence capabilities, Octopus generates time efficiency and quality in care, both for doctors and patients.

Exclusive and wide network

Hapvida maintains its own network that allows full control and real-time analysis of operations, following the evolution of the service offered to beneficiaries. Thus, the company's purpose is made possible of ensuring access to quality healthcare to as many people as possible.

In this sense, the distribution of our units among several neighborhoods in the cities in which Hapvida is present facilitates access to public transport and customer care. In capitals with a larger geographical dimension, the company prioritizes the operation of units in peripheral regions, in order to prevent its beneficiaries from traveling long distances in seeking assistance. The clinics, diagnostic imaging and emergency care units, as well as laboratory collection stations are also strategically located to receive patients with quality and efficiency.

OWN NETWORK OF HOSPITALS, CLINICS, AND DIAGNOSTICS

Quality services, at efficient costs, within a dedicated service network, avoiding waste and fraud.



PREVENTIVE AND PREDICTIVE MEDICINE

Precautions through healthcare prevention programs to ensure more quality of life and well-being.



OWN DIGITAL PLATFORMS

Ensuring full control of information and management of process.



STANDARDIZED PROTOCOLS

Implementation of protocols in emergency units, standardizing the provision of care to the beneficiary.



STRATEGIC LOCATION

Intelligent distribution of healthcare units with competitiveness within a robust geographical expansion.



Our Products

GRI 102-2

Healthcare plans

Hapvida offers two categories of plans: individual/family and group. The corporate modality, designed for companies with at least 100 employees, is the most representative among the group plans.

A specialized team of commercial managers is responsible for the relationship with partners and representatives. These managers have sales goals for individual/family, group, and corporate plans for companies, as experience has shown that there is a profile similarity between these types of customers.

In addition, the Hapvida sales network consists of brokers and sales representatives. To stimulate sales in this group, the Company adopts a certification policy for representatives based on performance. Another team works to attract new customers among family, neighbors, and friends of our current beneficiaries to extend the service within their relationship circles.

Customer loyalty is always kept in sight, especially by the Customer Relations Team, which works in after-sales to satisfy the expectations of the beneficiaries.



Dental Plans

Our dental coverage covers all states of the country. However, due to the lower complexity level of procedures and extensive professional assistance, Hapvida operates differently—exclusively through an accredited network, a positioning that enables a value chain between the company, the beneficiary, and the dentists.

Accreditation of professionals is carried out based on the conditions of the sufficiency of the network. To assist this process intelligently, the company uses a software program with georeferencing technology through which it is possible to identify the availability of dentists' schedules in relation to the demand of Hapvida beneficiaries.

As with medical care, dental plans are marketed by teams focused on retail and corporate areas, through the work of independent brokers and sales representatives, as well as through alternative sales channels led by partner entities.

Verticalization

Hapvida's culture values operational excellence, cost control, innovation, and, above all, quality care. Efforts in the search for new solutions through several ongoing initiatives aim to increase the efficiency of operations and improve customer perception regarding the quality of services provided.



Click on the numbers to view the verticalization model

Verticalization numbers

Within a verticalized and integrated business model, the concern with user experience starts from the sale of the insurance plan to the realization of a high complexity medical procedure. Thus, Hapvida follows the customer's journey from start to finish through its system, which allows the analysis and centralized control of all procedures.

Hospitalization time (in days)	
MONTH	AVERAGE STAY
January	3.41
February	3.56
March	3.86
April	4.66
May	4.93
June	4.72
July	7.26
August	4.09
September	3.84
October	3.50
November	3.50
December	3.54
Annual Average	3.92



In 2020, Hapvida recorded an average stay of 3.92 days of hospitalization among its beneficiaries. Due to the Pandemic, there was high hospitalization time in the months of April to August, data that correspond to the charts of moving averages released at the national level.

% of procedures performed within the Hapvida system ¹	
Hospitalizations	77%
Medical appointments	71.9%
Exams and treatments ²	64.5%

I started my career as an oncologist at the Jesus Maria José Hospital in Quixada (CE) and at the Santa Casa de Misericórdia in Fortaleza (CE). In January 1979, with the interest and desire to develop safe medical practices, I decided to open my own clinic, which would become the Antônio Prudente Hospital. For 14 years we invested time and effort and made it the best and most resolute hospital in Ceará. But I found myself more and more distant from the public I wanted to serve, welcome, and treat: the simple people among whom I was born, raised, and lived out my youth.

It was with this in mind that we created Hapvida: to ensure access to quality healthcare for our people and provide health benefits to a growing population. Since then, we have expanded our presence to the areas where the public could come to us, always with the philosophy of verticalization, which enables cost reduction and allows us to practice medicine with all its value.

Candido Pinheiro Koren de Lima
Founder and Chairman of the Board of Directors of Hapvida

¹ The percentage of verticalization includes Hapvida and also the integrated operators in 2020: São Francisco Group, América, RN Saúde, São José Group and Medical
² This figure includes the volume of treatments of the Auxiliary Diagnostic and Therapy Service (SADT). Percentages consider acquisitions.

Timeline



Corporate **governance**



Governance structure

GRI 102-18

Part of Novo Mercado at B3, a special listing segment that requires the adoption of corporate governance standards higher than those required by standard regulation, the Company is committed to maintaining practices that reflect its commitment to transparency, fairness, accountability, ethics, and corporate and social-environmental responsibility.

Board of Directors

Responsible for preserving the company's values and overseeing compliance with the strategic guidelines of the business, the Board is committed to the return on investment of Hapvida shareholders. To this end, it validates strategic planning and corporate decisions, according to the interest of the organization, taking into account economic, social, environmental, and corporate governance factors.

At the end of 2020, the Board of Directors was composed of seven members, four of whom were external, without participation in the executive management of the company, in addition to two independent directors, representatives of minority shareholders.

Board of Directors

(on 12/31/2020)

Candido Pinheiro Koren de Lima
Chairman of the Board of Directors

Jorge Fontoura Pinheiro Koren de Lima
Member

Candido Pinheiro Koren de Lima Júnior
Member

Wilson Carnevalli Filho
Member

Geraldo Luciano Mattos Júnior
Member

Márcio Luiz Simões Utsch
Independent Member

Igor Xavier Correia Lima³
Independent Member

Advisory Committees

To advise the Board of Directors, multidisciplinary committees are dedicated to strategic issues. In 2020, the Governance, People and Sustainability Committee began supporting the board in accelerating the process of inserting ESG (environmental, social, and governance) aspects into Hapvida's business strategy. Thus, by the end of the year, the committee structure was thus formed:

Audit, Risk and Compliance Committee

Finance and Capital Market Committee

Governance, People and Sustainability Committee

Mergers and Acquisitions Committee

Innovation and Transformation Committee

³ In September 2020, the company mourned the passing of board member Roberto Mendes. In October, Igor Xavier was integrated as an interim adviser in Mendes' place.

Management Board

Based on the guidelines of the Board of Directors, the Management Board is assigned to conduct the execution of the corporate strategy, ensuring the proper management of risks and opportunities in all dimensions of the business. In the company's administrative structure, five statutory directors are added to seven others, dedicated to key areas of the Hapvida's growth strategy – digital transformation and people.



Statutory Board

(on 12/31/2020)

Jorge Fontoura Pinheiro Koren de Lima
Chief Executive Officer

Candido Pinheiro Koren de Lima Júnior
Chief Commercial and Relationship Officer

Alain Benvenuti
Chief Operating Officer

Gustavo Chaves Barros de Oliveira
Chief Strategy Officer

Bruno Cals de Oliveira⁴
Chief Financial and Investor Relations Officer

Management Board

(on 12/31/2020)

André Melo
Administrative Superintendent

Majô Campos
Chief Vice President of People, Management and Diversity

Heraldo Silva
Chief Vice President of Integrations

Lício Cintra
Chief Vice President of M&A

Barna Eross
Chief Vice President of Digital and Transformation

⁴ In January 2021, Bruno Cals de Oliveira resigned, and Maurício Teixeira took over as the company's Chief Financial and Investor Relations Officer.

Risk management

The risk management policy of Hapvida determines the guidelines to be observed for the monitoring of risks and opportunities, indicating the areas involved and their attributions. Among the risks mapped by the company, the following stand out:

Credit risk

Medical Care Risk

Subscription risk

Cyber Risk

Market risk

Image risk

Legal Risk

Operational Risk

Among these, three main risk factors were assessed for business in 2020 and considered central to management:



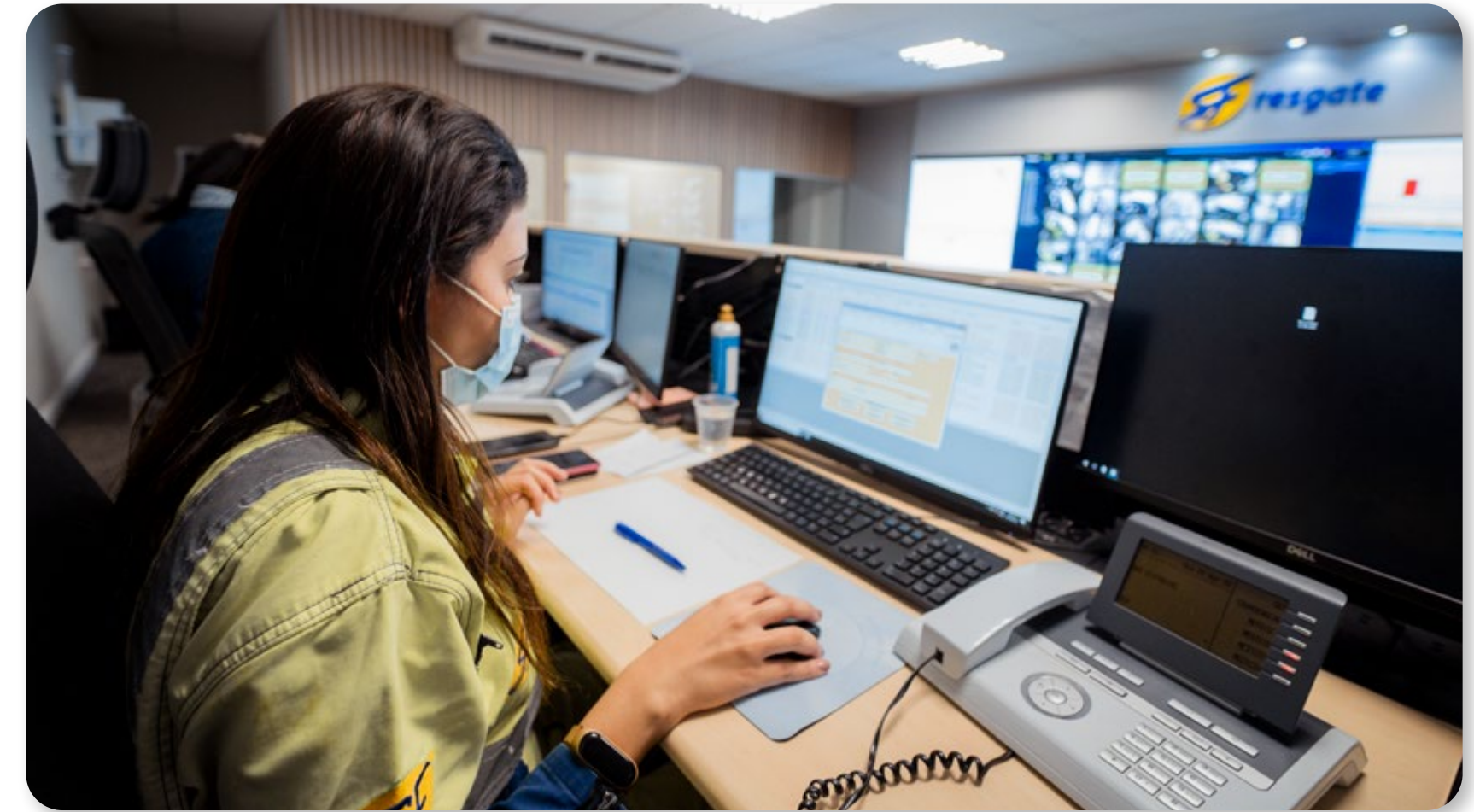
Cyber Risk
(Data Protection)



Operational risk
(arising from possible operational failures)



Medical care risk
(care provided to beneficiaries)



After a thorough analysis carried out by the Audit, Risks and Compliance Committee, the company's risk policy was revised to include the following objectives:

- Adopt the risk management structure and procedures compatible with the nature of Hapvida's activities and the complexity of the products and services offered.
- Rely on a methodology recognized by Hapvida and the market to meet the requirements of external agents and regulatory and supervisory bodies.
- Continuously evaluate risks relating to the aspects of impact and probability of occurrence in order to prioritize management of such risks for treatment purposes.
- Disseminate the culture of risk management in Hapvida.
- Monitor changes in the regulatory environment, ensuring compliance of products and services to internal and external standards in force.

Ethics

GRI 102-16; 102-17; 103-1; 103-2; 103-3; 205-2; 205-3; 406-1

The role of Hapvida's Code of Ethics is to inform, guide, and establish the ethical principles and integrity by which our work and relations with the internal and external public are guided. As such, it serves as a guidance for our employees and stakeholders as well as we conduct ourselves in our activities and relationships within the Company.

It addresses issues such as the quality and safety of the services provided, negotiations with the government and the fight against corruption, the accuracy of accounting records, communication among employees, audit, risks, and compliance.

The Sentinela Program

This program aims to guide Hapvida employees, service providers, and third parties to adhere to and practice transparent and integral conduct, especially in situations that clash with corporate values. Through frequent training programs, they are given guidance on how to react to such situations in an appropriate manner, as well as report their perceptions of any acts that violate the Code of Ethics.

Complaints channel

To receive reports and opinions, the Company has its Complaints Channel, managed by an independent company and accessible to all publics, such as employees, customers, and suppliers. All complaints received are registered in the database of the third-party company, which handles such cases in order to maintain the independence and impartiality of the process. After registration, the content of the complaint is analyzed and an opinion is issued for deliberation by the Ethics Committee, the Audit, Risks and Compliance Committee—or by the Board of Directors — if deemed appropriate.

The Complaints channel can be accessed in the following ways:

📱 app "meuhap"

☎️ 0800 5915126

🖱️ intranet:
portal.hapvida.net.br/canal-de-denuncias-sentinela

🖱️ site:
www.canaldedenuncias.com.br/grupohapvida

Reports proven to be truth can lead to penalties ranging from a verbal warning, dismissal by just cause, or even criminal prosecution. The same goes for false reports of substantial gravity.

In 2020, the channel began to serve other companies of the group acquired in 2019. In that year, the company registered 25 reports classified as discrimination, with 18 cases analyzed due to duplicity of reports. Of those, 13 were judged to be appropriate. Each of the identified situations was analyzed and an action plan was drawn up with corrective and preventive measures. The company worked on internal awareness campaigns, disseminating guidelines on combating discrimination. No reports of corruption were received in the period.

Data protection

In order to meet the implementation deadline of the General Law of Personal Data Protection (LGPD), which came into force in August 2020, Hapvida began work in March on the gradual contractual and technological update of its systems with the support of specialized assistance for the process of compliance with the law.

The final adaptation phase, which includes activities of greater criticality and vulnerability for sensitive data, required priority actions to ensure the digital security of the beneficiaries:

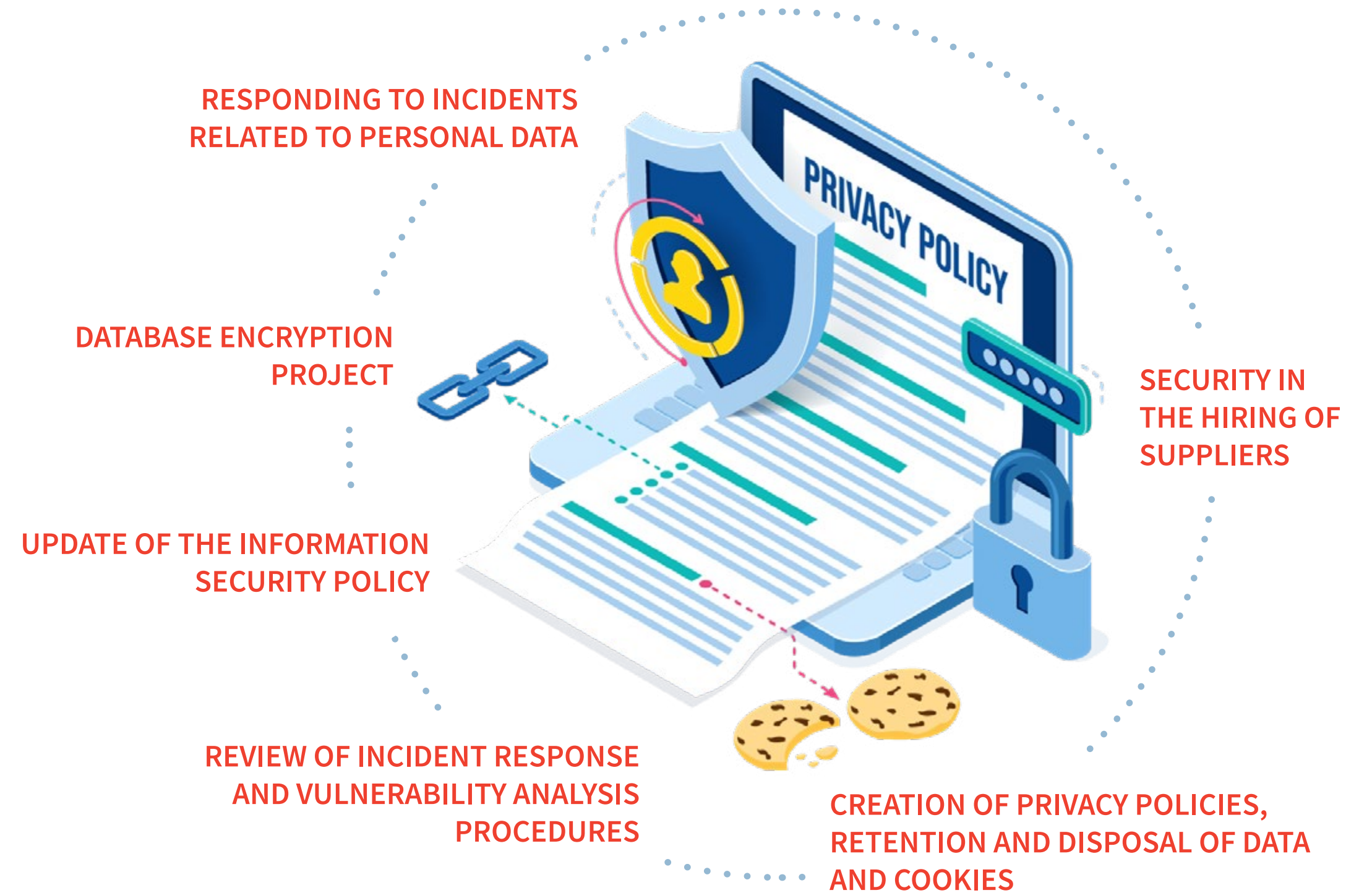
- Response to the exercise of the right of the holders.
- Disclosure of Privacy Policy.
- Appointment of the Data Protection Officer (DPO).
- Contractual update.
- Deployment of privacy management tool.

In addition, beneficiaries with insurance plans purchased before the start of the LGPD application period were notified about the changes in the privacy clause and informed about the processing of personal data provided to the company.

The new contracts, effective since then, were presented to customers in accordance with the requirements of the LGPD. In relation to health care providers acquired throughout the year, the Company's Privacy Policy and Code of Ethics are implemented at the time of incorporation.

Privacy and information security governance

In addition to these measures, Hapvida was tasked with the development of a governance structure congruent with the challenge of privacy and information security requirements of keeping beneficiaries' data safe and guaranteeing their rights in the face of the new legislation. Among the main ones, the following are highlighted:



Our **people**



Care and protection

GRI 103-1; 103-2; 103-3



Hapvida grows because it values what matters: care. As well as welcoming its beneficiaries, protecting and valuing employees is a priority for the Company.

This concern became even more important in 2020, a year marked by the challenges arising from the Covid-19 pandemic. A period in which caring for and supporting the physical and mental health of the team made all the difference to ensure the provision of services with quality and excellence.

Since the beginning of the health crisis, Hapvida has placed greater emphasis on the care of its employees, in order to protect them as much as possible from the risks of exposure to the new coronavirus. Throughout 2020, the purchase of personal protective equipment was made – totaling around R\$ 7.8 million (4.5 times higher than 2019).

Strict hygiene and safety protocols also were adopted, both for the physical work environment and the professionals in direct contact with the public.

To ensure compliance with the guidance of health authorities, the Hapvida has created the Covid-19 Prevention and Control Measures Manual. The document aims to guide the employees of the elective care areas—clinics, laboratories, diagnostic imaging centers—as well as the medical staff regarding the protocols to be followed.

In the mission to reduce the exposure and overload of front-line workers, the Hapvida significantly expanded its functional framework. In all, 12,180 hospital support professionals were hired, such as nurses, assistant nurses, and maids for temporary job vacancies, in addition to approximately 150 doctors to strengthen patient care. In conjunction, a portion of professionals classified in the risk group was allocated to the telemedicine platform. This measure aimed at reducing the exposure of people to the virus and defusing overloads of urgent and emergency care.

The impact of Covid-19

Despite all efforts and care, we had collaborators diagnosed with COVID-19 throughout 2020. Those workers were immediately removed from their posts for treatment and follow-up procedures by the medical and nursing staff

Hapvida mourned the loss of 16 employees who died as a result of the disease.

Occupational health and safety management

GRI 103-1; 103-2; 103-3; 403-8; 403-9

Throughout the Hapvida system, the management of Occupational Safety and Medicine is oriented to comply with regulatory measures, minimize risks, and maintain the well-being of employees. The measures are coordinated by the professionals who are part of the specialized service in Safety Engineering and Occupational Medicine (SESMT).

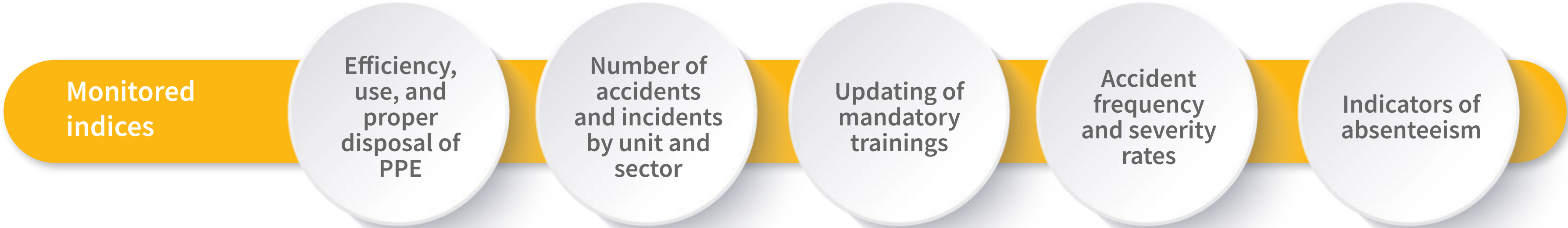
In 2020, SESMT acted to mitigate the impacts of the pandemic, in order to preserve the health of employees and the public with whom they interact. Among the actions developed were the adequacy of work environments, temperature measurement, physical distancing guidelines, the supply and guarantee of the use of personal protective equipment, and the identification and guidance of professionals classified as risk groups.

Hapvida also has 84 Internal Accident Prevention Committees (CIPA) throughout its units, which includes representatives of the Company and its employees. Among the responsibilities of CIPA is the identification of risks related to accidents, incidents, and occupational diseases, all related to assisting SESMT in the planning of preventive actions.

The search for continuous improvement of health and safety indicators occurs through structured actions, such as lectures and awareness training, administrative prevention measures, the installation of collective protective equipment, provision of personal protective equipment appropriate to the risks involved, and corrective action plans. In addition, the investigation of accidents and recorded incidents is carried out through technical visits, in which the conditions of exposure to risk are evaluated.

In 2020, no death was recorded as a result of work accidents. In all cases of accidents with and without layoff, the company evaluated the causes and developments in order to minimize the risk of recurrence.

Workplace accidents	
Number of days lost – work accidents with leave	2,974
Work-related accidents with leave	206
Work-related accidents, without leave	456



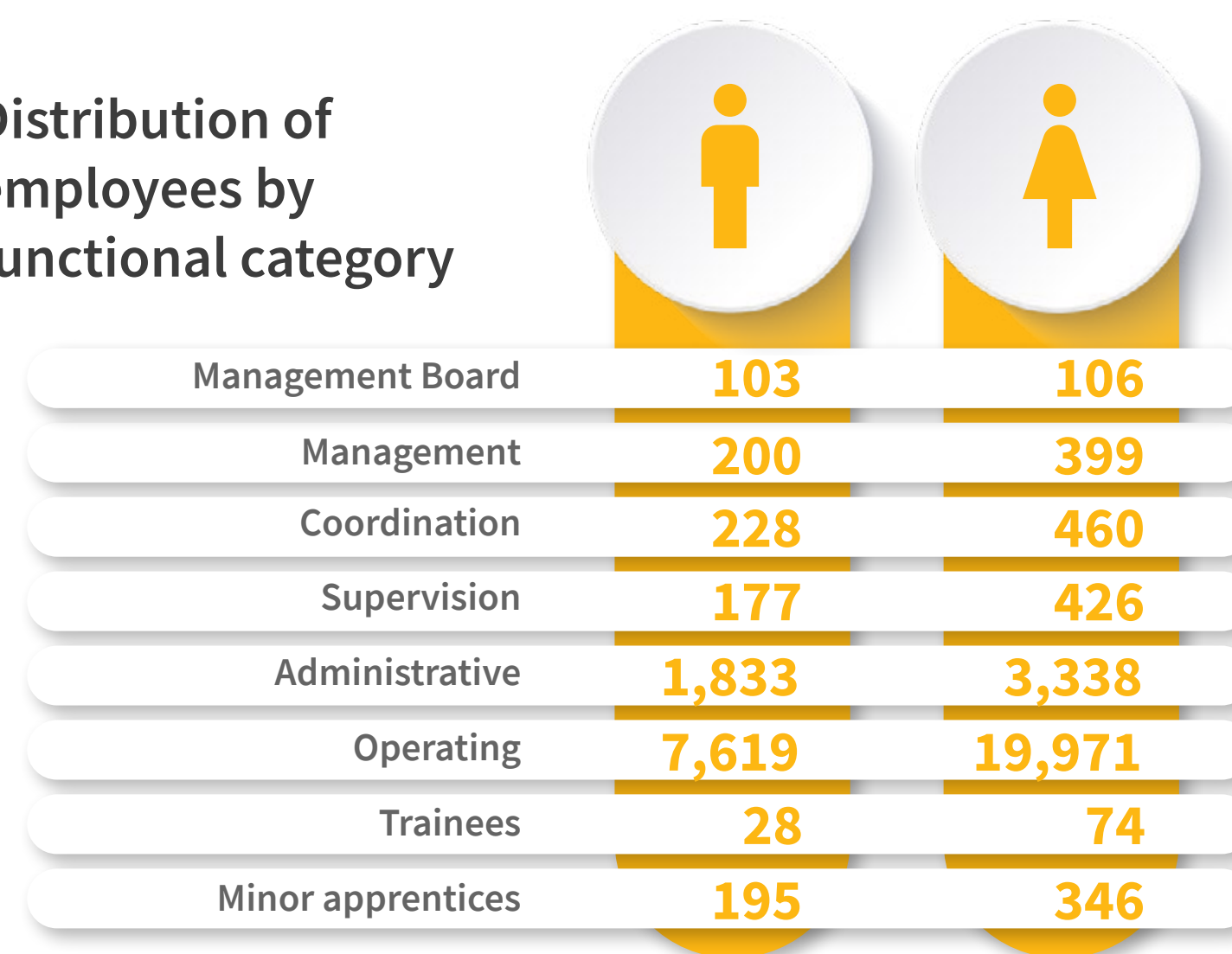
Staff profile

GRI 102-8; 405-1

At the end of 2020, the Hapvida system reached the mark of 35.5 thousand employees, 59.7% more than registered in 2019. The increase is mainly due to the integration of professionals linked to América Group, RN Saúde and São Francisco Group.

With a predominantly female profile (71%), the functional framework concentrated more people in the age group of 30 to 50 years and had 212 people with disabilities (PCDs). Of the total number of employees, 90.2% had full-time contracts.

Distribution of employees by functional category



Regarding the geographical distribution of employees, 58% were allocated to operations in the Northeast, 24% in the Southeast and the rest in other regions of Brazil.

⁵ The figures presented disregard employees from other acquisitions made in 2020, as they were still in the process of integration.

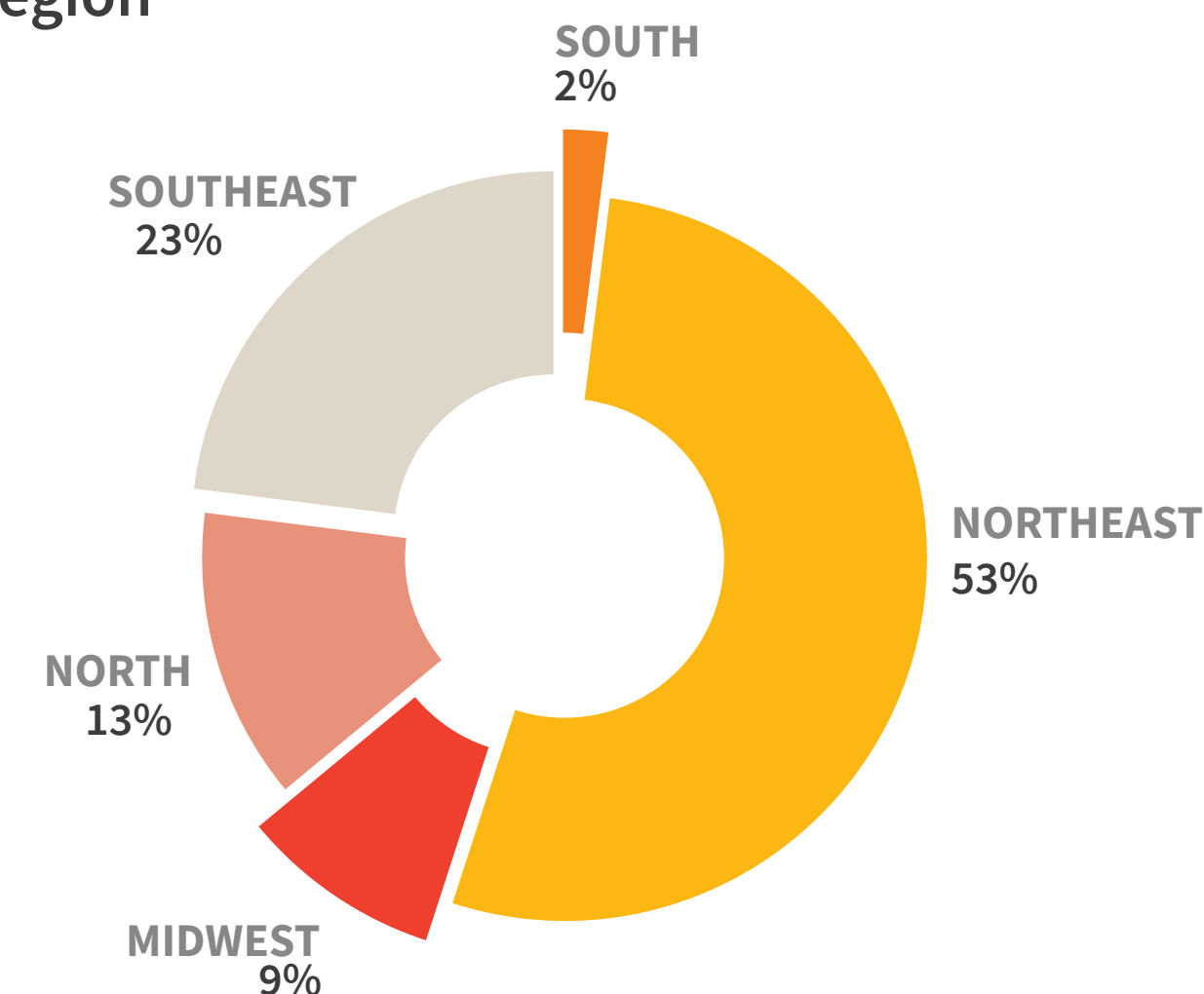
Hiring and dismissals

GRI 401-1

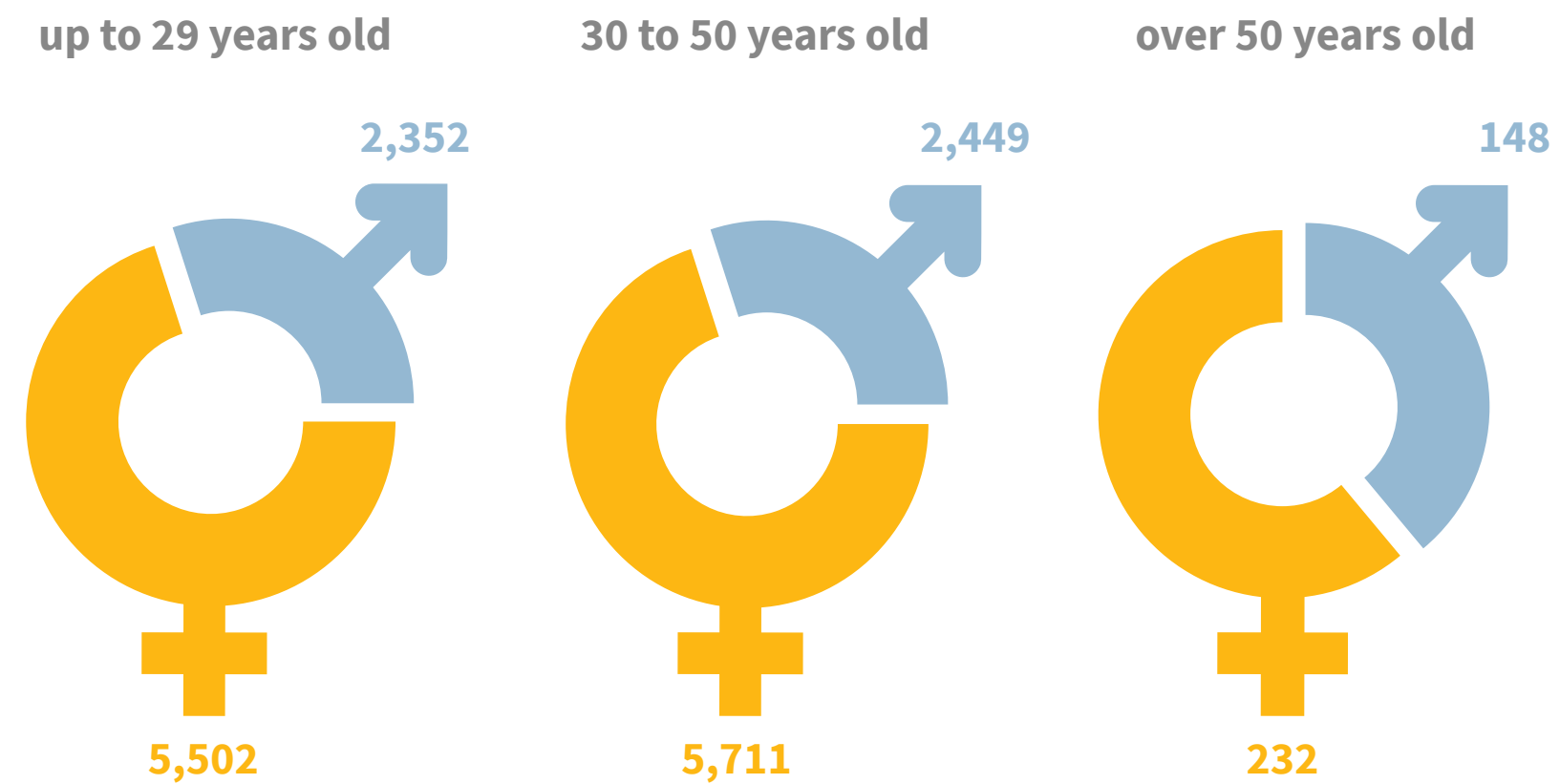
Throughout the year, between strategic hires for the fight against Covid-19 scenario and the incorporation of employees from acquired companies, the Hapvida System added 16.4 thousand new people to its functional staff, 98.5% higher than recorded in 2019. In the same period, 5.2 thousand people were dismissed.

The regions with the highest number of employees hired⁵ were Northeast (8.7 thousand) and Southeast (3.4 thousand), markets in which Hapvida and São Francisco have a strong level of capacity, respectively.

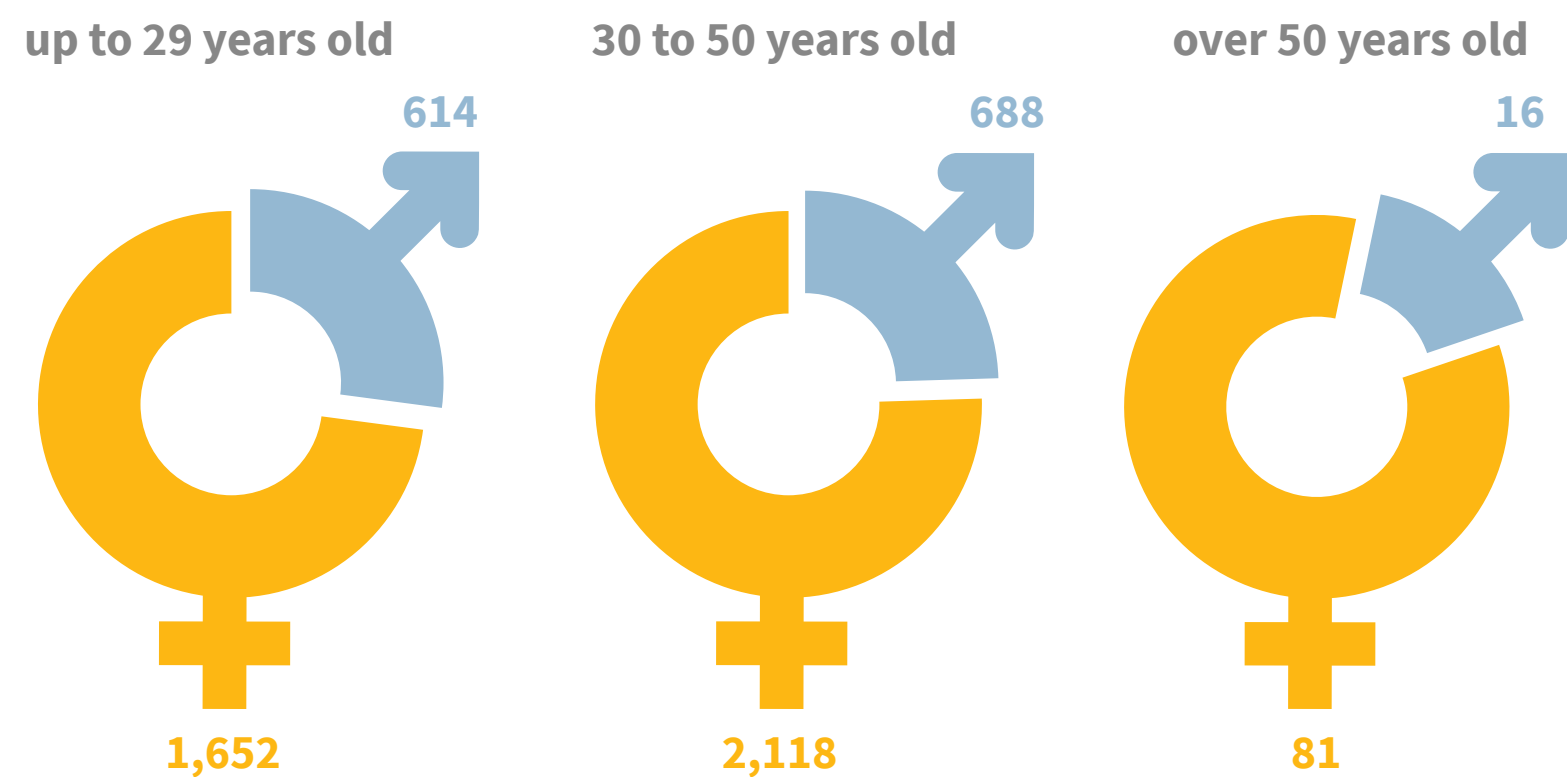
Hires by region



Hires by gender and age group

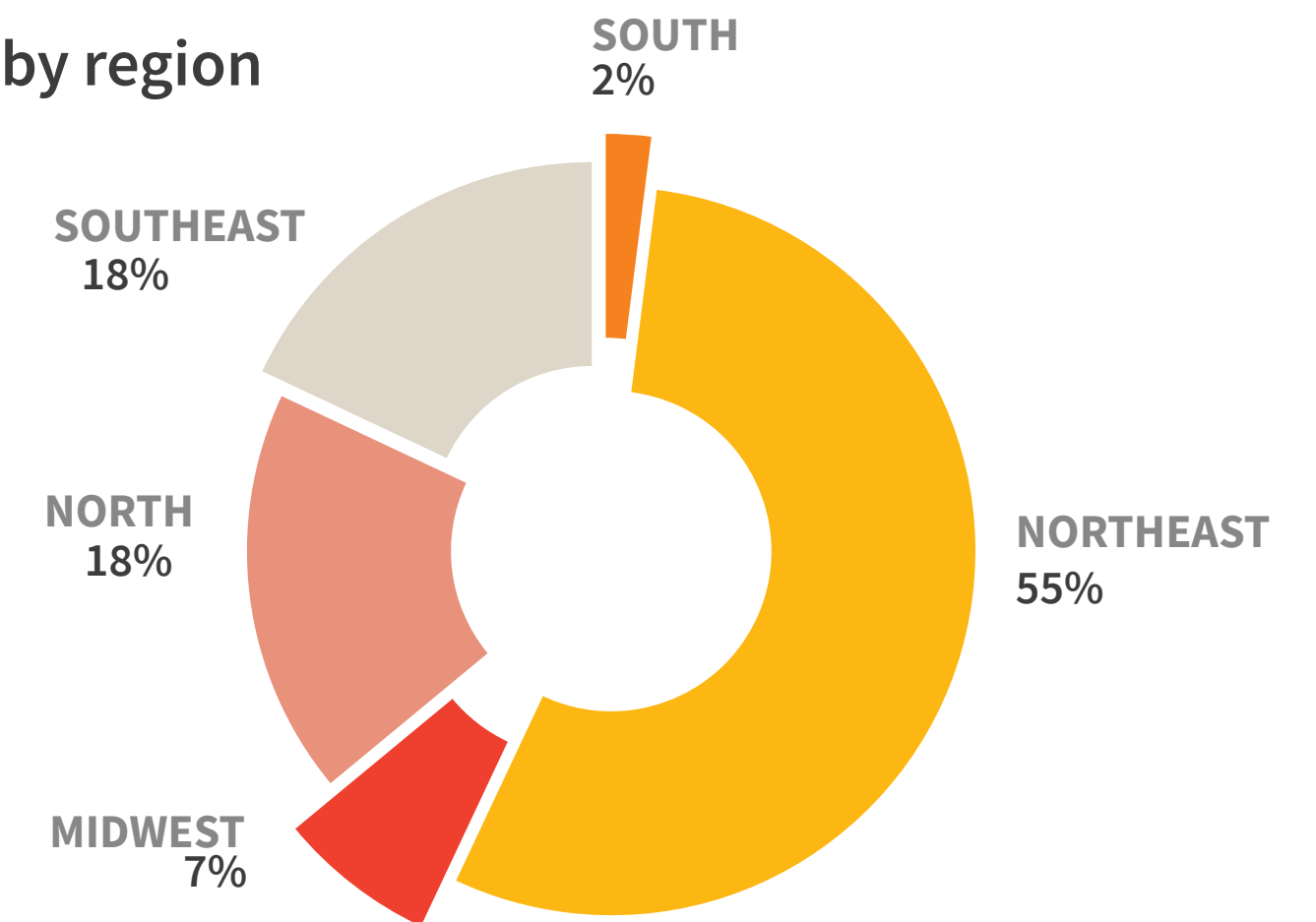


Dismissals by gender and age group



Dismissals followed the hiring trend, with higher turnover among people in the 30-50 age group (49.8%) in the Northeast (55%) and Southeast (18%) regions. The turnover of Hapvida in the period was 2.62% and 3.31% in the Sao Francisco group.

Dismissals by region



Training and development

GRI 404-1; 412-2

In order to stimulate the continuous improvement of its employees, Hapvida has educational programs dedicated to different functional categories in all its units. In 2020, due to the pandemic and its developments, the training program was impacted. In compliance with the recommendations for physical distancing, face-to-face training was avoided as much as possible, except for those related to measures directly related to the pandemic. Similarly, the interactions of specific training programs, such as Haplider (Leadership Development) and Care in Action were postponed.

Still, over the year, 142.1 thousand hours of training were allocated to our employees, an average of 4.0 hours per professional – 2.9 hours for men and 4.5 for women.

Training hours⁶

Functional category	Male	Female	Total
Management Board	0.85	0.30	0.57
Management	1.87	2.23	2.11
Coordination	2.13	3.24	2.88
Supervision	1.96	4.19	3.54
Administrative	0.98	0.76	0.84
Operating	3.42	5.22	4.72
Trainees	6.29	3.46	4.24
Minor apprentices	3.04	2.91	2.96
Total	2.88	4.47	4.00

Human rights training

The training program on the Code of ethics provided to employees at the time of integration include topics related to human rights, such as non-discrimination, issues such as moral and sexual harassment, as well as zero tolerance to acts of corruption. In 2020, 57,980 hours of training were administered on the Hapvida System Code, resulting in the training of 11,656 employees.

Applicable to all units, the contents of these training programs are updated frequently to promote a work environment free of discrimination, persecution, and personal behavior not consistent with the culture of the Hapvida System.

Special training programs

Faced with the escalating health crisis in the country, integration training, especially of nursing professionals, was adapted—given the urgency of the job and the application of specific protocols for Covid-19 cases. Conducted through an intensive program, integration training included, among other topics, patient safety measures, 41 care protocols and eight standard operating protocols (SOPs) related to good practices in medication administration procedure.

On another front, to facilitate the access of employees to educational content, the internal app MeuHap was launched, aimed at corporate training. In 2020, the topics covered were: emotional intelligence, professional etiquette, time management, professional ethics, motivation, and conflict management.

MeuHap, which allows to access to the training programs offered by the Company to the teams located in the various regions of Brazil, has an area specifically directed to the nursing sector and was the means by which nursing training programs were carried out in 2020. Throughout the year, 9,358 training programs were carried out through the tool, totaling 18,575 of attended hours.



⁶ Average hours of training = total number of training hours offered/total number of employees

Benefits

GRI 401-2

In addition to legal obligations, Hapvida offers complimentary benefits in order to provide more safety and comfort to employees regarding health and family care. With a focus on employee satisfaction, and due to the adaptations required by the Covid-19 pandemic, the Company expanded its portfolio of benefits offered to employees.

Examples of these benefits are Nossa Gente (Our People) and Gympass. Launched in 2020, Nossa Gente is an exclusive health and dental plan designed for employees, which includes occupational medicine and preventive medicine programs, designed to detect and track potentially disabling diseases. Gympass was adopted to promote the physical and mental health of employees through a digital platform for access to physical activity training, meditation classes, nutritional planning, and children's content, among others. See the full list of benefits below:

- | | |
|-----------------------|--------------------------------|
| Nursery aid | Group life insurance |
| Special child support | Disability/disability coverage |
| Meal voucher | Funeral aid |
| Food voucher | Variable remuneration |
| Transport voucher | Discount club |
| Medical assistance | Nossa Gente |
| Dental care | Gympass |
| Partnership with Gyms | |

Agreements and trade unions

GRI 102-41

In 2020, 97.6% of employees⁷ were covered by collective agreements. The Company participates in negotiations with labor unions and representative entities of the most diverse categories. The interactions, based on ethics, dialogue and cooperation, focus on respecting the labor rights of employees, ensuring the legality and financial viability of negotiations.

Doctors and dentists

At the end of 2020, the Hapvida System included 15 thousand doctors and 15 thousand partner dentists. Doctors serve in Hapclinics, hospitals, emergency care units, and Vida & Imagem medical diagnostics centers, under service provision contracts. They also work in accredited private units, as listed in the Medical Services Guide.

Likewise, there are accredited dental professionals who treat in their own clinics and private offices. To consult them, beneficiaries must make a prior appointment through online or face-to-face channels at the professional's place of business. Based on the records in the beneficiary profiles, through the integrated system, Hapvida can track the demand for consultations and professionals and analyze the needs of customers.

⁷The collective bargaining agreements do not cover interns, minor apprentices, and statutory directors.

Organizational culture

In view of the strategy to grow and consolidate its long-term business model, the project Evoluir was started at the end of 2020 with the objective of mapping the essential elements of the current culture and aligning them with Hapvida's vision for the future.

In the initial stage of diagnosis, an open survey was carried out on all employees as well as interviews and analyses of the drivers of the current culture — behaviors, rituals, symbols, and procedures.

The result of the diagnosis made it possible to recognize the strengths that have brought Hapvida to its current heights and which need to be maintained. Behaviors that need to be reinforced or adopted in the Company's day-to-day activities to implement the strategy for the future were also identified — ones that provide sustainable results superior to those already achieved in recent years.

Throughout 2021, Hapvida will execute its plan for the development and implementation of the desired culture, including an extensive campaign to mobilize the entire team while also involving the newly acquired companies, in addition to the continuous improvement of internal procedures.



I started my career at Hapvida in 2008 as a general services assistant at the Antônio Prudente Hospital. Realizing that Hapvida is a company that offers many opportunities for employees, I started the laboratory assistant course. After completing it, I applied for the job of lab assistant and began to work in the laboratory of Hapvida Fortaleza, and was soon promoted to the position of technician, a position that I hold to this day. In the 12 years in the company, Hapvida has become my second home. Here I've had the opportunity to grow professionally and find my place.

Ávila Ancelmo Diógenes
Laboratory technician

Atendimento

Our **care**



Clients

GRI 103-1; 103-2; 103-3

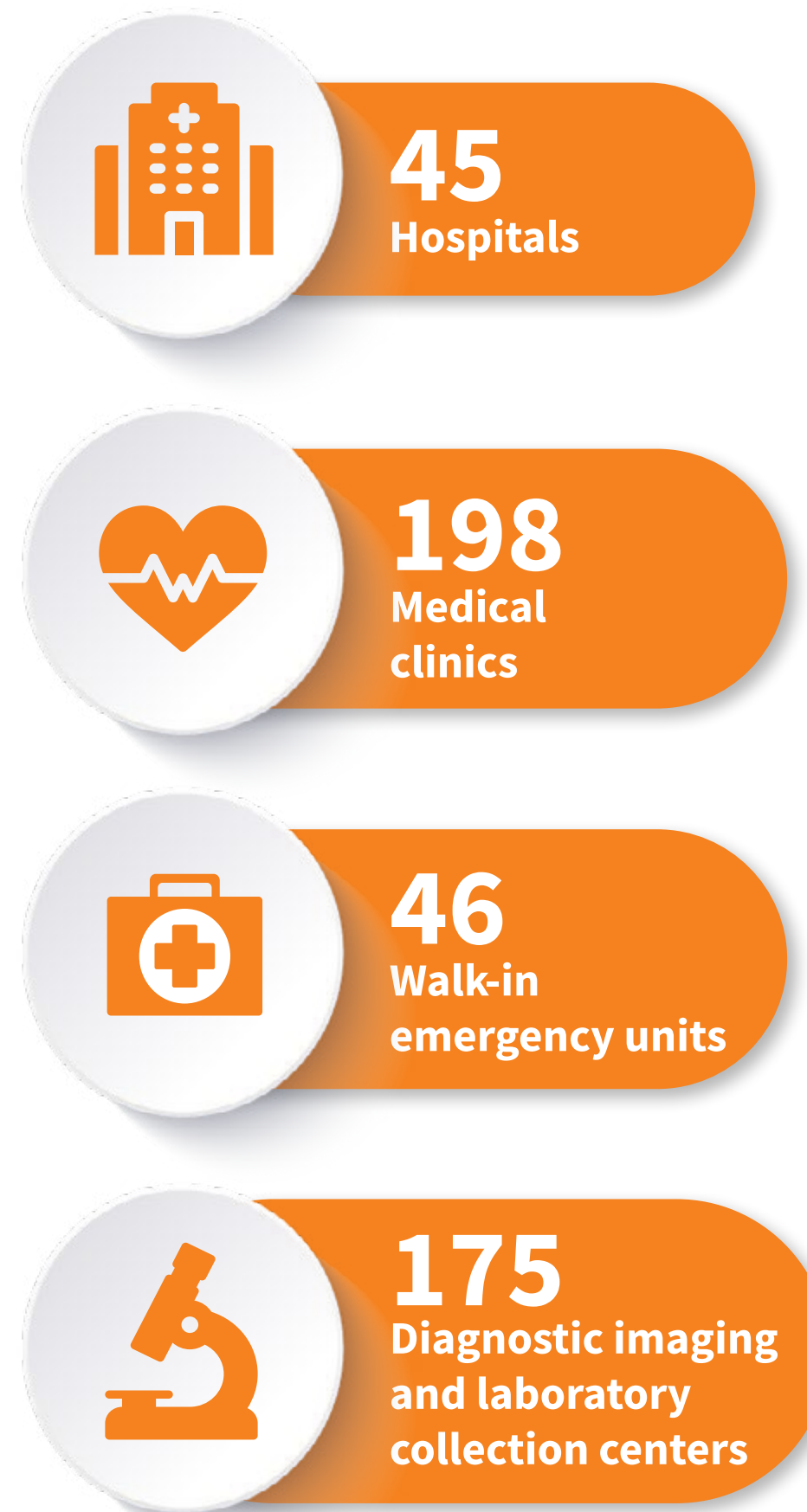
Customer service and satisfaction are what fuel Hapvida's entire journey. It is with this purpose that we incessantly seek to promote health. It is our way to expand the positive impact of the entire System, one of the great differentials being the way we treat patients and the proximity we share with all our beneficiaries.

The verticalization strategy contributes to this differential, which expands capacity and ensures the quality of the assistance offered throughout all regions of the country. In 2020, in addition to the various acquisitions made, our service network was strengthened with the inauguration of new units and the expansion of existing ones, totaling R\$233 million invested in building projects and the renovation of 235 thousand square meters of physical built from zero or renovated infrastructure. By the end of the year, 12 hospitals were being deployed, at different stages from design to construction.

Investments in our own network (on 12/31/2020)

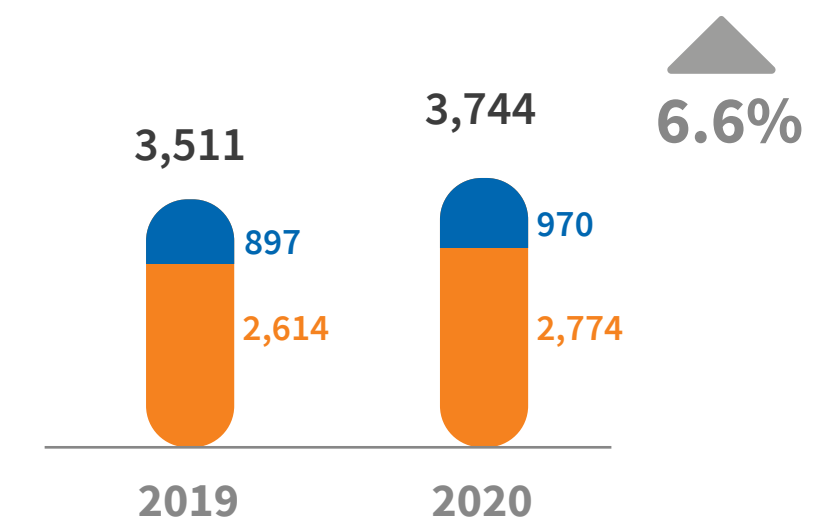
Total built	75,207 m²	Construction projects completed
Total renovated	154,739 m²	290

Our network – 2020

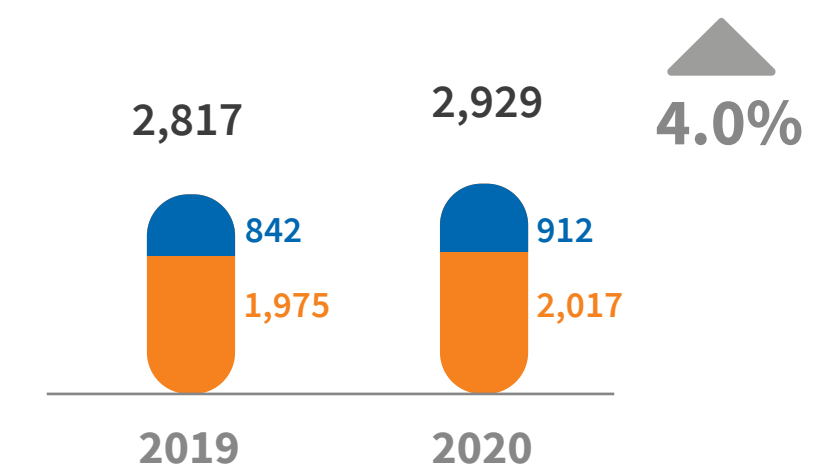


The number of beneficiaries of health and dental insurance plans showed a growth rate of 6.6% and 4.0% respectively, figures naturally influenced by the hiring of customers of the Hapvida system and the expansion of the company in new regions with the acquisition of local and national health groups.

Health members (in thousands)



Dental members (in thousands)



● Corporate ● Individual

Hapvida against Covid-19





The commitment to life, the core foundation of Hapvida's mission, was exponentially strengthened in 2020 in the face of the Covid-19 pandemic. Facing an unprecedented health crisis, ensuring access to humanized treatment and care required additional efforts from the entire team on an ongoing basis.

Since the beginning of the pandemic, a multidisciplinary Crisis Committee has been monitoring the evolution of the local, national and global scenario on a daily basis in order to identify risks and define the adequate control measures and protocols to be adopted. This analysis included the conditions of customer service, such as the availability of equipment and materials, an specialized team, testing capacity, preparation of hospitals to receive and treat infected patients.

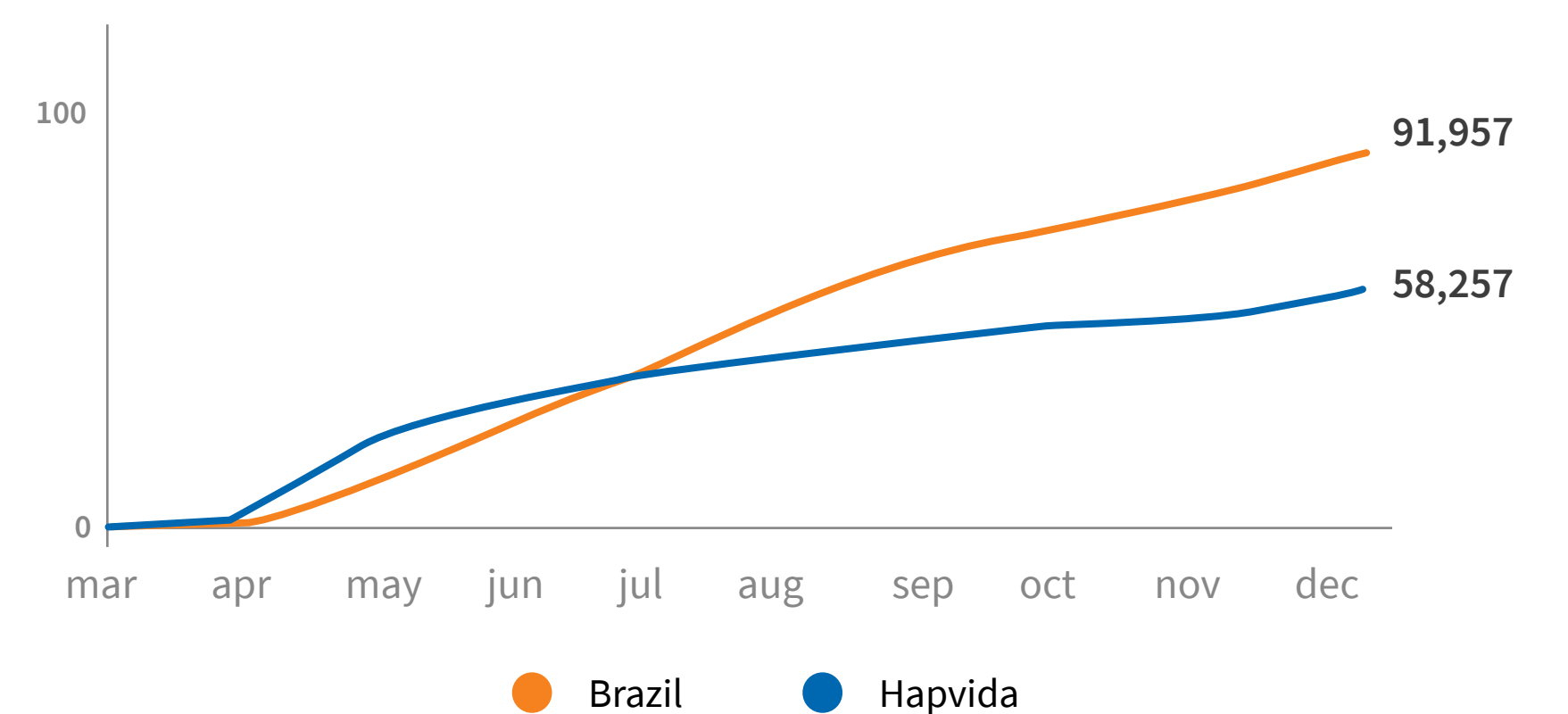
Concomitantly, visits, hospitalizations, and discharges were monitored through the Case Management Program, with the aim of offering qualified assistance, prioritizing hospital care for more serious patients.

Following the evolution of the pandemic in different regions of the country, marked by peaks of contagion at different times of the year, a task force was assembled that involved, in addition to possible displacements of healthcare teams, different areas of supplies and engineering to adapt infrastructure, with the deployment of beds and new equipment in care units and hospitals. The entire mobilization process and its results were informed to our clients and the public through daily newsletters published on social networks. In total, in 2020 we counted 14,852 hospitalizations for viral syndrome (suspected Covid), of which 12,813 lives were saved.

Even when there was an increase in the number of cases in some regions, the impact on the mortality coefficient was marginal, measured by the total number of deaths by the number of exposed beneficiaries. When compared to the coefficient recorded in the Brazilian scenario in the same period, the mortality rate among Hapvida patients was 36.65% below the national average.

Evolution of the mortality coefficient

Brazil and Hapvida - until 12/31/2020

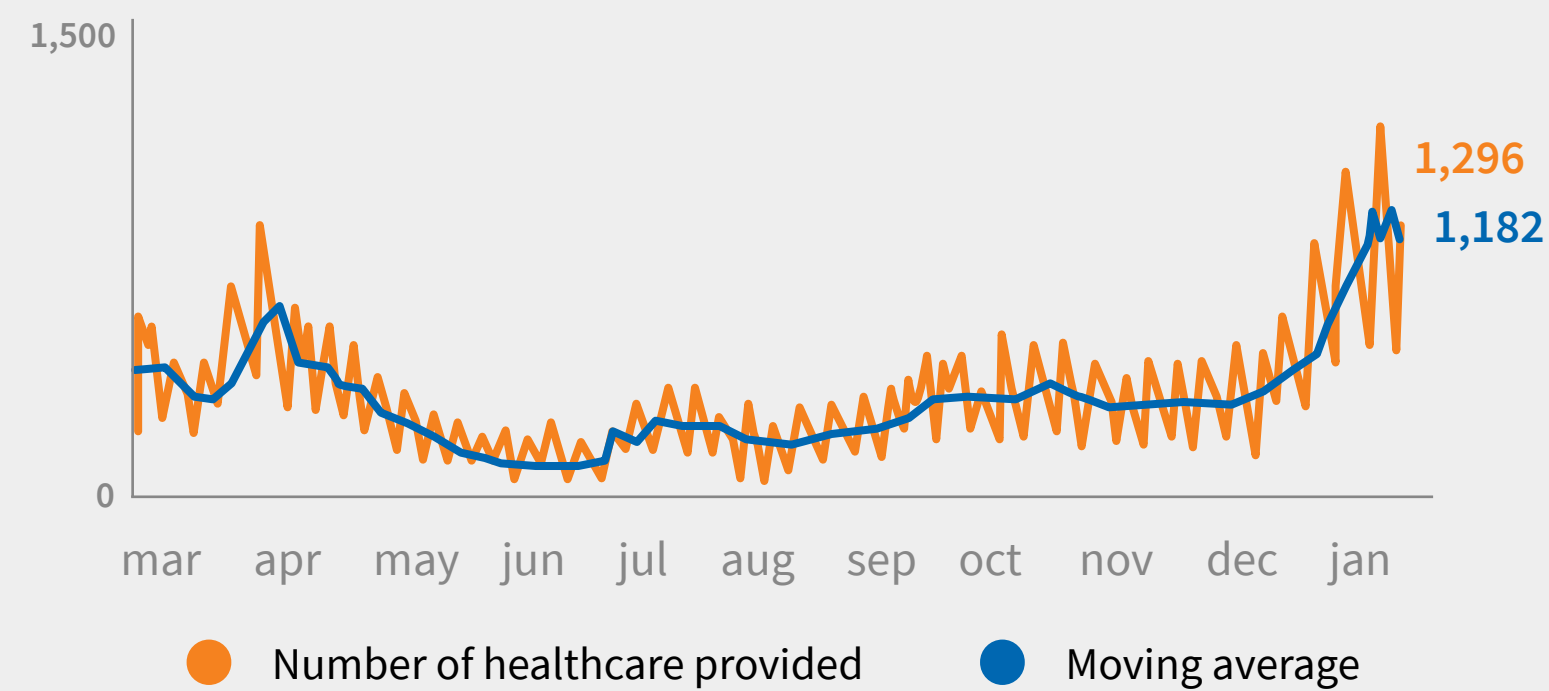


The fight in Manaus

In mid-December 2020, the capital of Amazonas recorded a significant increase in the number of cases, both of patients treated in emergency care units and hospitalized patients admitted with symptoms of severe acute respiratory syndrome, with suspicion of Covid-19. The second wave, in the case of Manaus, exceeded the first both in the number of visits and volume of hospitalizations.

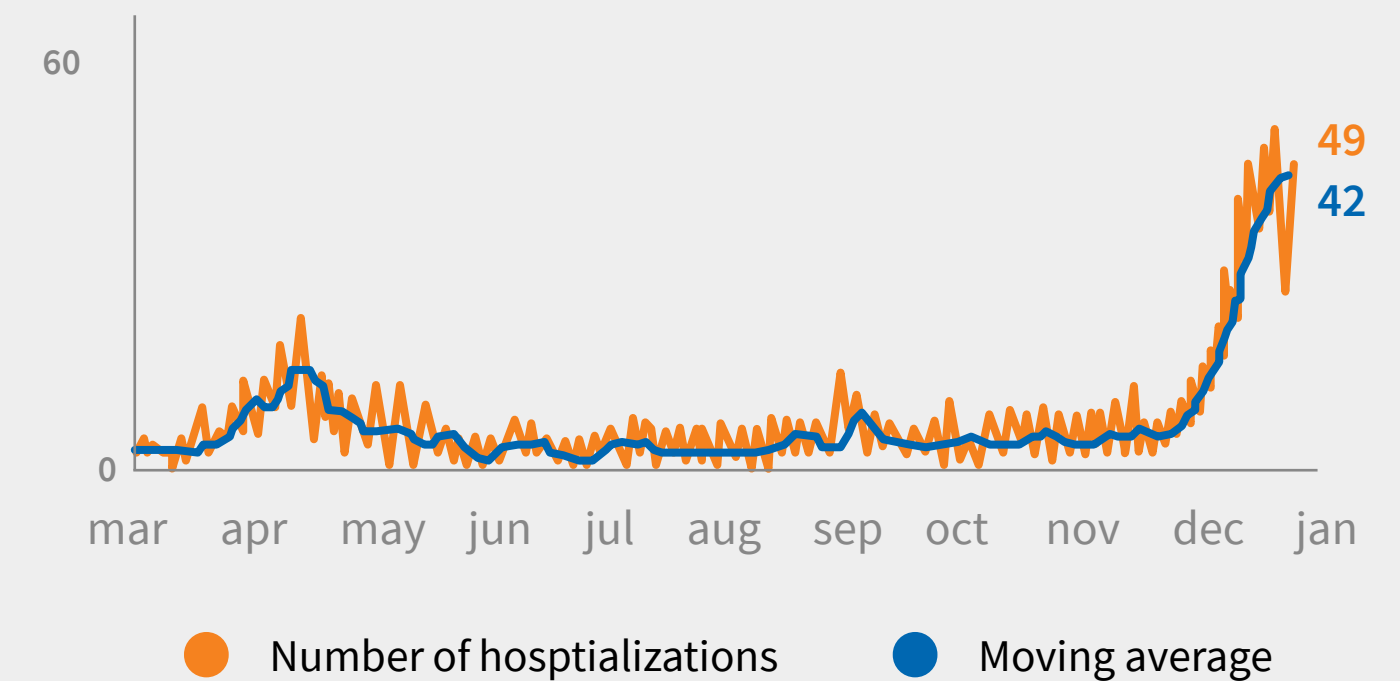
Emergency healthcare provided - Manaus

Respiratory illness and Coronavirus patients



Number of hospitalizations - Manaus

Respiratory illness and Coronavirus patients

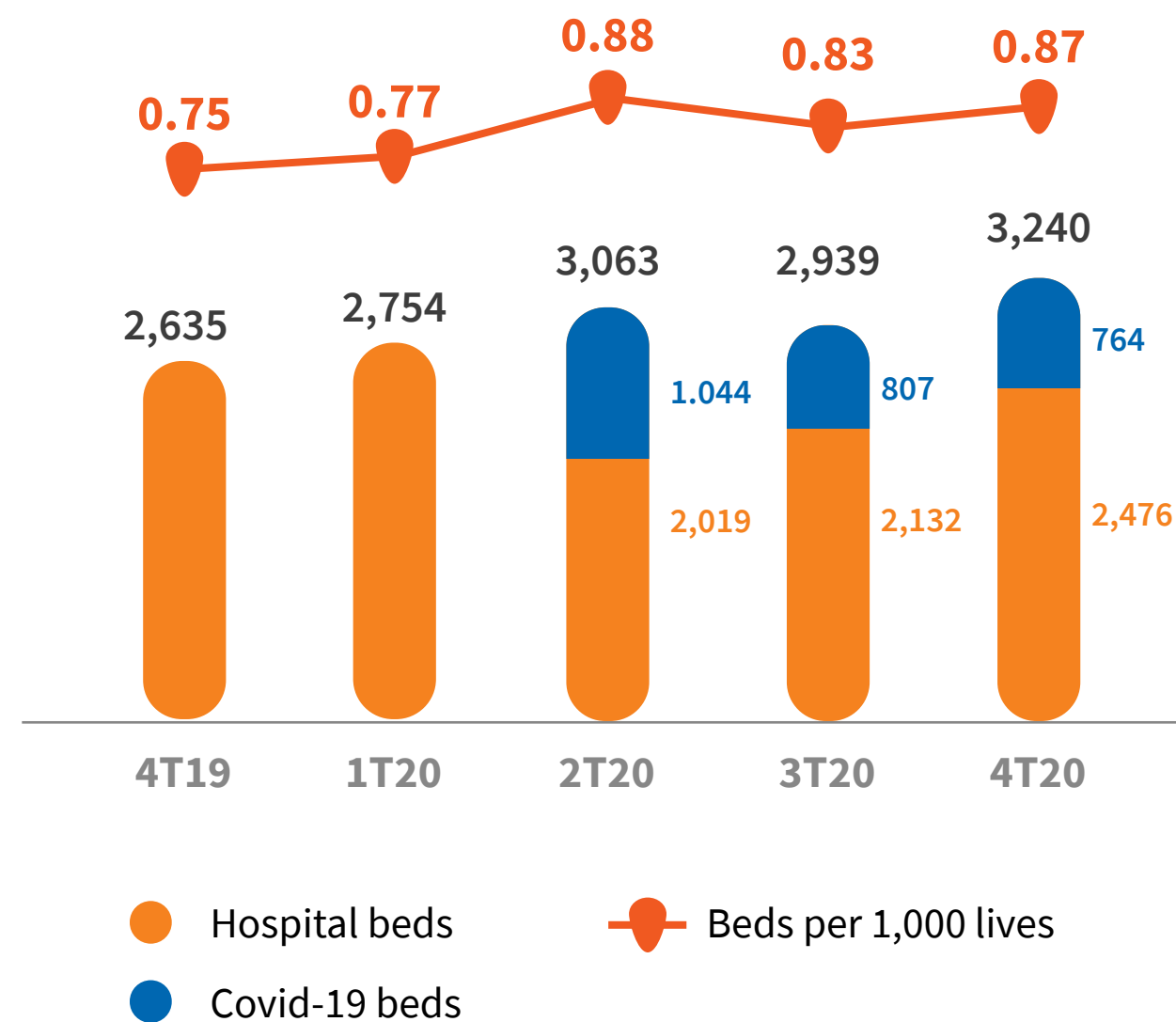


In response to the worsening health crisis in the city, Hapvida assembled a complete hospital in one single night—with the deployment of beds, oxygen supply, allocation of trained personnel, and supply of all the materials and systems necessary to implement high-quality care, as well as an observation and control unit. During the same period, Hapvida provided oxygen cylinders for the Public Health System of Brazil (SUS) in Manaus, integrating with the national mobilization in order to save lives.

Hospitalization beds

Throughout the system, the year ended with 764 hospitalization beds dedicated to Covid patients, in addition to 2,478 beds for patients in general, accounting for 3,240 beds in total. Committed to structure itself in the best way possible to cope with the pandemic, Hapvida invested R\$127.2 million in protective materials for teams, medicines, equipment, logistics, and staff, acting in accordance with the guidelines of the Ministry of Health and the National Agency for Supplementary Health (ANS).

Evolution of the number of hospitalization beds

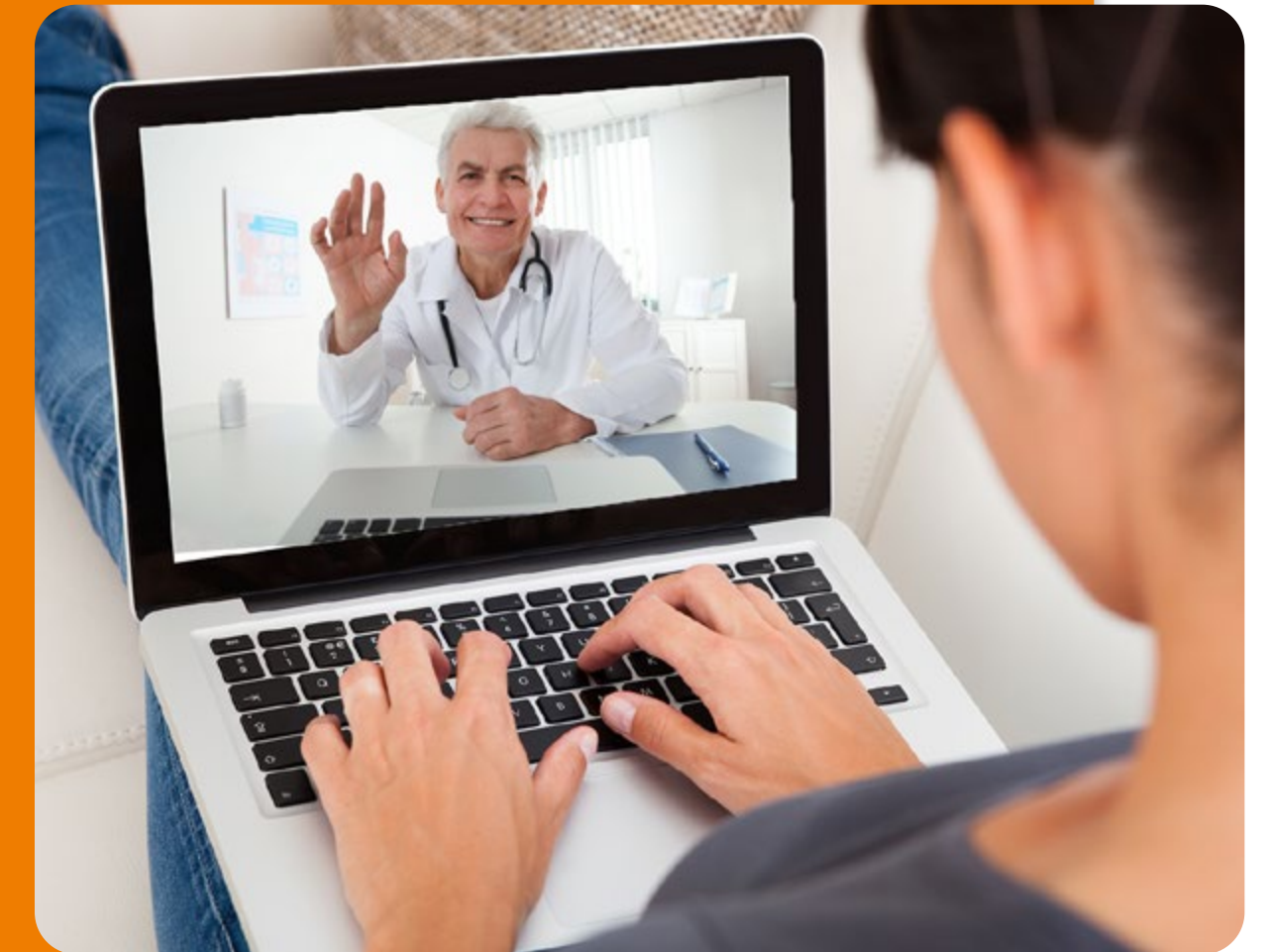


Telemedicine

The fight against Covid-19 has accelerated the process of implementing telemedicine in the Hapvida system, in accordance with the guidelines of the Federal Council of Medicine (FCM). Initially, due to the urgency of the situation and commitment to providing qualified and safe care to patients, a telephone service dedicated to medical consultations was created temporarily while the telemedicine platform was being developed.

The service began with the Telecovid and Teleurgency lines, by which doctors, psychologists, nutritionists, and other support professionals provided care. As a measure of social responsibility, in support of communities, the telephone service was open to all people, whether they were clients or not.

After the establishment of the telemedicine platform, 100% internally developed, the service was made available exclusively to customers since April 14 by cell phone app and website. Despite its primary focus being Covid-19, due to the prolonged period



of the pandemic, the service began to incorporate elective healthcare services.

To make the channel more effective and intuitive and facilitate user experience, the service was evaluated monthly by a multidisciplinary team based on service data, questions, and complaints reported. Hapvida registered about 36 thousand telemedicine consultations per month, accounting for 322 thousand by the end of the year.

Qualitotal

Qualitotal is the Hapvida system's own quality certification program and aims to improve the Company's processes, generate a culture of customer appreciation and, as a result, ensure safe care in all our healthcare service lines. Thus, the requirements addressed in Qualitotal seek to ensure the best assistance to beneficiaries and strengthen integration between the various regional units

Qualitotal is based on the pillars of the system—reception, quality, cost efficiency, and innovation—with a focus on the promotion of good practices. The evaluation cycle of the program extends from diagnosis to certification of each unit, allowing to identify, analyze and evaluate the care offered to patients in Hapvida hospitals throughout Brazil. Since the beginning of the program, 26 hospital units have gone through the evaluation cycle in different regions. The program is set to be extended in 2021 with a restructuring of requirements and scope

2020 cycle

26 hospitals
from the Hapvida network received the diagnostic visit and two were awarded the seal



+200
protocols, SOPs, influx, forms aligned and reviewed in accordance with the requirements of Qualitotal for hospital units

FOCUS ON THE CLIENT

 Quality

 Care

 Innovation

 Cost Efficiency

Hospital management tripod

Coordination of care practices

Medical and operational management

QUALITY SEALS

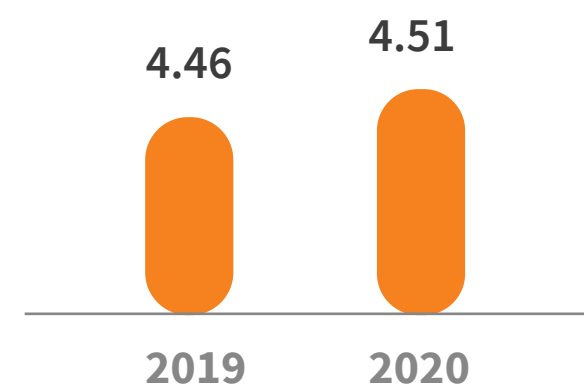
5Star rating

5Stars is Hapvida's customer satisfaction evaluation program (face-to-face and telemedicine consultations). After the customer service, a digital satisfaction survey is performed, in which the evaluator can score the service and its aspects in a ranking from 1 to 5 stars. With this tool, opportunities for improvement can be identified to ensure alignment with the Hapvida culture across all units.

The evaluation is valid for hospitals, clinics, diagnostic units, emergency care, laboratory collection stations, dentistry, preventive medicine units, telemedicine, and other programs. Over the course of 2020, the system received more than 4.4 million reviews⁸. The general average for the month of December 2020, for example, based on more than 205 thousand evaluations was 4.51 — considered high in the standards pre-established by the research methodology.

5Star Service – The evolution of customer evaluation

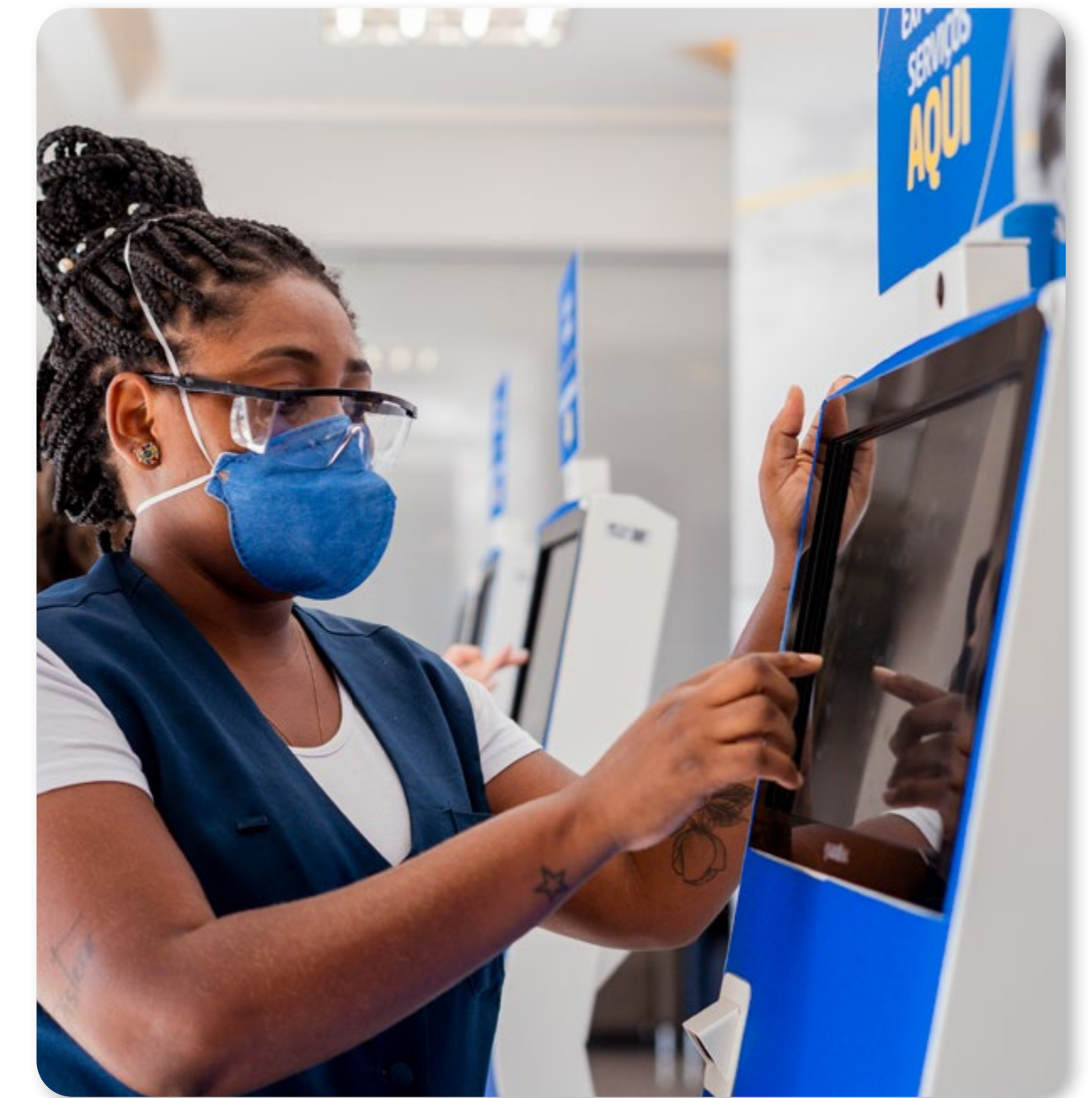
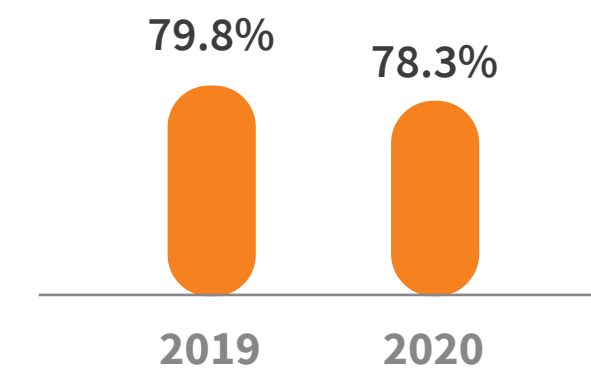
(Considering own, accredited network, dental, acquired, and teleconsultation)



Emergency waiting time

Hapvida maintains a technological platform that covers the integrated system of all its urgency and emergency units, 24 hours a day, seven days a week. Through this tool, and with the help of video cameras, the attendance and waiting time of all urgent cases and emergency care are monitored by the Control and Quality Center of the system. If the wait time exceeds 15 minutes, immediate measures are taken to expedite the service.

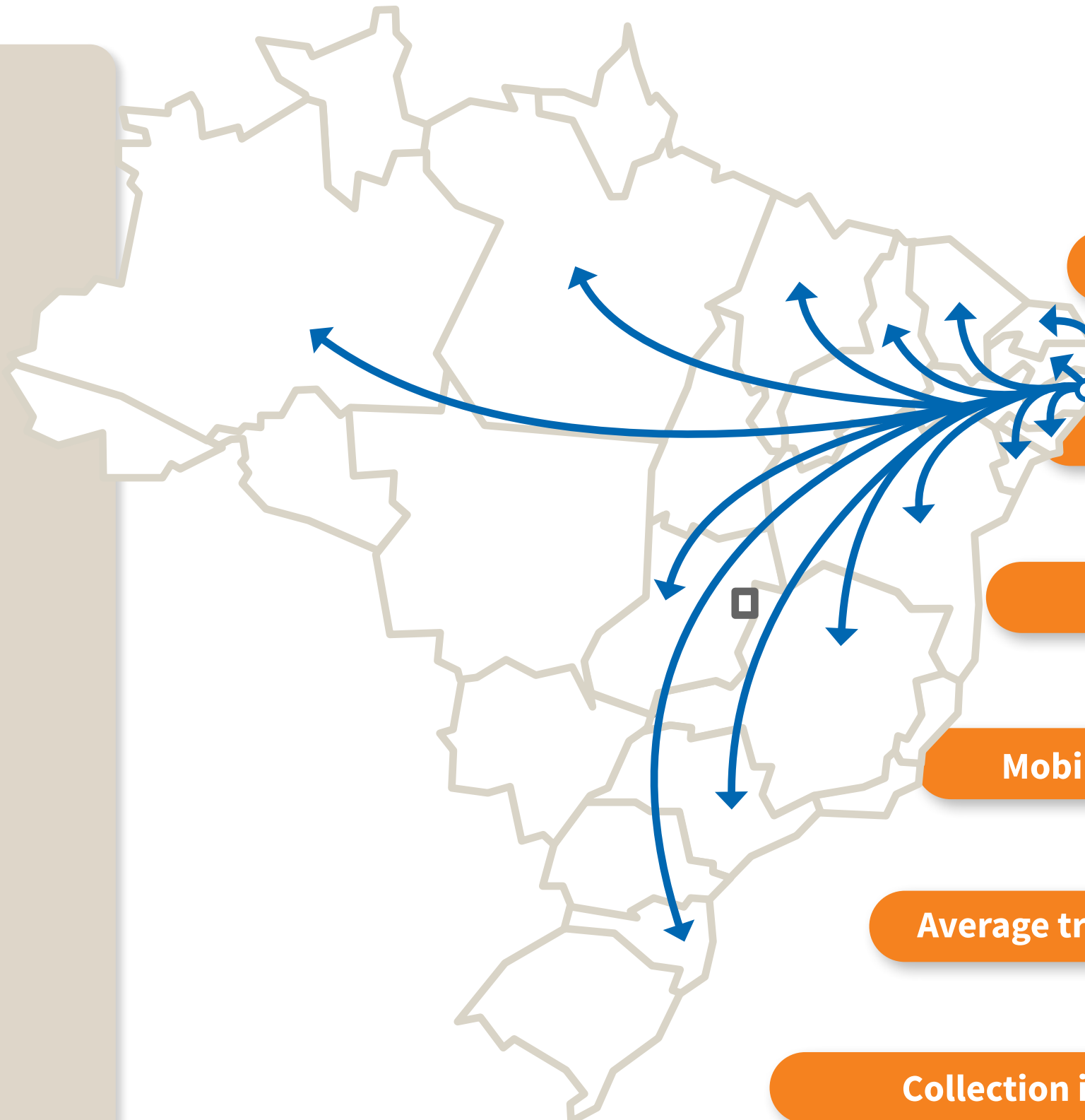
Service in 15 minutes or less



⁸The number includes those within the integrated Hapvida System: Goiânia.Plamheg and Samedh.

Operational Technical Center (OTC)

Developed in partnership with Roche Diagnostics, the Operational Technical Center (OTC) was inaugurated in November in Recife (PE), a diagnostic medicine center with smart management capability. The data processed in this center is integrated into a technological platform, in which all the results of the exams of the beneficiaries are automatically recorded. The OTC uses an advanced encryption process with state-of-the-art protocols, ensuring information security and privacy. Until the implementation of the OTC, about 80% of the exams were processed in the units internally. With the center, this figure should reach 95% of laboratory tests, increasing the level of verticalization.



Operating logistics

- 15 states attended 
- 25 bio-conductive vehicles 
- Adequate packaging 
- Air and land Transport 
- Mobile logistics control system 
- Average transit time of routes: 9h 
- Collection in more than 200 units 

Vidahap

The verticalized model and systems integration allow the medical intelligence team to act on solutions that extend the portfolio of services available far beyond post-symptomatic care. An example of this is the network of quality-of-life incentive programs focused on preventive and predictive medicine and health promotion, VidaHap, which works on three fronts: health intelligence, preventive medicine and health promotion. The initiatives and projects are free and aim to promote more quality of life through the promotion of healthy habits for beneficiaries of the most diverse profiles.

Nascer Bem Program (Giving Birth Well)

Nascer Bem is a prenatal care program by HapPrev (preventive medicine by Hapvida) offered in Fortaleza (CE), Belém (PA), Recife (PE), Salvador (BA), and Manaus (AM).

The Program has an exclusive call center to assist pregnant women and provide prenatal care for them and their families with daily interactions with doctors and obstetric nurses called Momento Gestante, with a support team composed of a physiotherapist, nutritionist, and psychologist, in addition to mapping high-risk pregnancies.

In 2020, more than 42,124 pregnant women used the program, and in 2020, more than 235,211 consultations were provided.

Cuidar Bem Program (Caring Well)

A program created to encourage women to perform the detection uterine cancer exam, it provides care to beneficiaries from 25 to 64 years of age. Through this initiative, patients from Manaus (AM) are invited by cell phone message, on their birthday, to undergo uterine cytology and obtain early diagnosis.

Over the course of the year, approximately 32 thousand messages were sent and about 22 thousand patients took their cytological exams.



Programa Sinta-se Bem (The Feel Good Program)

Active only in Fortaleza (CE), Sinta-se Bem is focused on patients older than 18 years of age in advanced stage of Chronic Kidney Disease (CKD) – greater than or equal to 4, on a scale of 1 to 5. Through the program, patients are referred to undergo a hemodialysis in the shortest possible time to perform the procedure at the nearest provider in the network. By the end of 2020, 164 patients were part of the program, 71 of whom were men and 93 women.

Activities of the program



Identification and invitation of chronic kidney disease patients over 18 years of age



Personalized and humanized care



Multidisciplinary team with doctors and nutritionists exclusive to the program



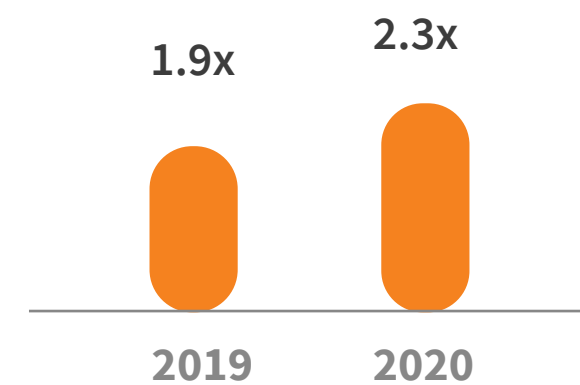
Hapvida +1k, free jogging and walking training

Viver Bem Program (Living Well)

Present in Fortaleza (CE), Recife (PE) and Salvador (BA), Viver Bem is composed of doctors, nurses and nutritionists specialized in the treatment of diabetes and is dedicated to stimulating people to adopt lifestyle changes. The Program also offers a Management Center led by a specialized nursing team, which operates via remote care.

As an example of the positive results, the group of patients monitored by the Program until December 2020 showed significant improvement in glycated hemoglobin tests compared to the control group (unaccompanied patients). By the end of the year, about 6.5 thousand beneficiaries were part of the program.

Glycated hemoglobin improvement - improved from the control group



I am cured of Covid-19. I was admitted eight days ago to the ICU of the hospital Antônio Prudente and thanks to the care I received, I was discharged and I now can return home. I want to congratulate the Hapvida network and the health professionals, who leave their family members at home to work and care for patients. They are our heroes: assistant nurses, maids, social workers, receptionists, nursing technicians, nurses, and doctors. My applause is for all of you who are here for us. Thank you very much to everyone who is part of Hapvida!

Cristiane de Souza Dantas

Patient of Antônio Prudente Hospital, in Natal (RN)



Our **equation**



Macroeconomic and sectoral scenario

The pandemic greatly affected the national economy: The Gross Domestic Product (GDP) fell by 4.1% in 2020, reaching a total of R\$ 7.4 trillion, according to the Brazilian Institute of Geography and Statistics (IBGE). This represents the largest drop in the historic series, which began in 1996. The drop interrupted a three-year growth period from 2017 to 2019, when GDP accumulated a high of 4.6%. GDP p.p. reached R\$ 35.1 thousand compared to 2019, a record drop of 4.8%.

On the other hand, the National Broad Consumer Price Index (IPCA), calculated by IBGE, ended 2020 with a high of 4.5%, an increase of 0.2 p.p. against the 4.3% recorded in the previous year. Also, the Índice Geral de Preços - Mercado (IGP-M), determined by Fundação Getúlio Vargas and which considers a broader picture of the economy than the IPCA, accumulated a high of 23.1%, the largest annual variation since 2002.

In the year that was marked by a pandemic on a global scale, global medical inflation is expected to grow by roughly 8% according to projections by the Global Medical Trends report published in November 2020. In Brazil, medical inflation will reach 15.0% in 2020, according to the same study.

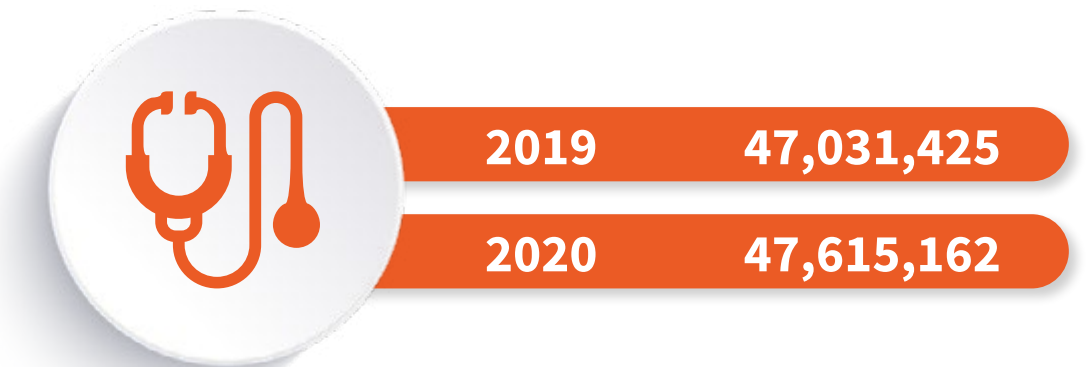
In Brazil, the maximum percentage of readjustment that can be applied by providers for individual or family health insurance plans in Brazil is defined by the National Supplementary Health Agency (ANS). Thus, for the period between May 2020 and April 2021, the authorized index was 8.1%.

Due to the pandemic, ANS suspended the readjustment for the period between September and December 2020, and authorized them to be charged starting from January 2021. As determined by the ANS beneficiaries will pay for the period in which this readjustment was suspended over the 12 months of 2021.

The health sector in Brazil

In decline since 2014, the number of beneficiaries of healthcare insurance plans – with or without odontology – grew again in 2020 in Brazil, with an increase of 1.2%, reaching 47.6 million people. The coverage rate of private plans in the country closed the year with 24.5%, an increase of 0.3 p.p. The increase in the number of beneficiaries even in a year of economic contraction highlights the importance that Brazilian citizens assign to supplemental health plans.

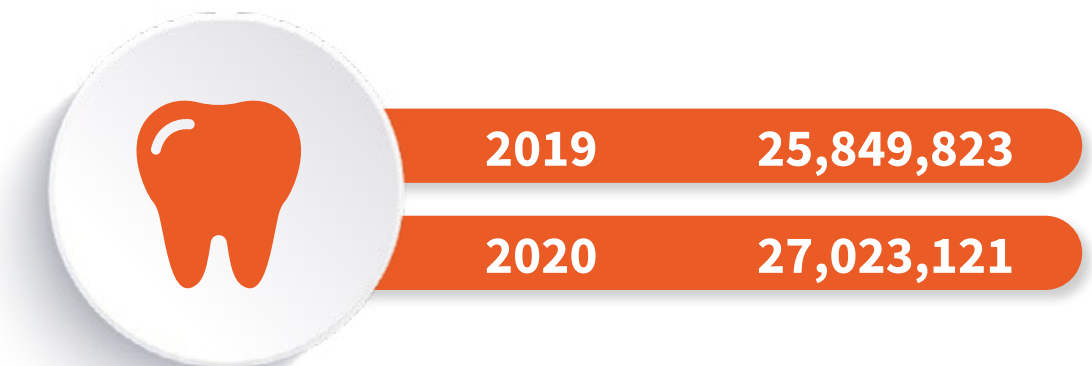
Beneficiaries of healthcare insurance plans in Brazil



Source: Beneficiary Information System-SIB/ANS/MS

The exclusively dental segment continued to grow in 2020, with a new historical record of 27.0 million users, up 4.5% compared to the previous year.

Beneficiaries of dental plans in Brazil



Source: Beneficiary Information System-SIB/ANS/MS

Operational and financial performance

GRI 102-45; 103-1; 103-2; 103-3

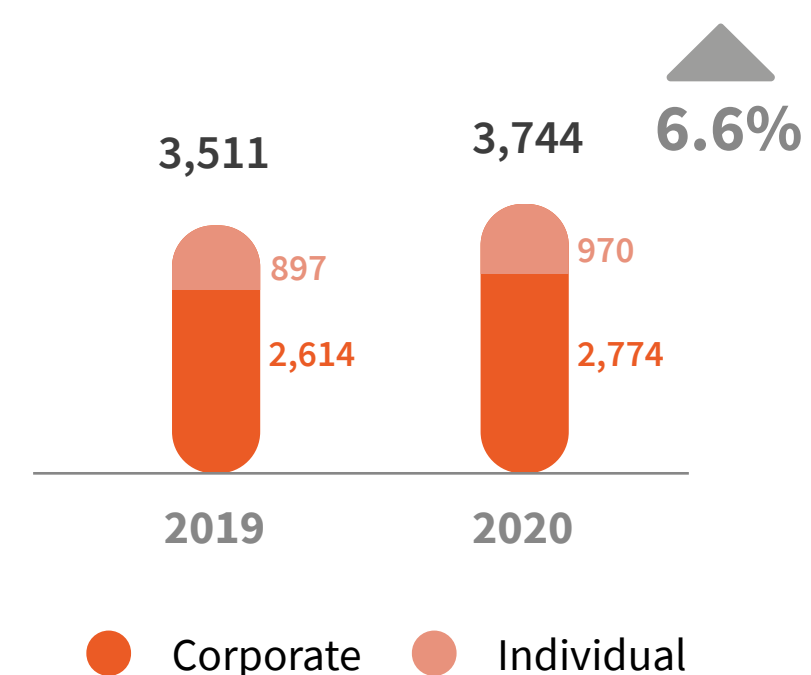
In the last months of 2020, Hapvida completed two acquisitions: Medical on November 3 and São José Group on December 1. Thus, Hapvida's 2020 financial information includes the two months of Medical's operations and one month of São José Group. In the comparative period of 2019, there was the entry of the San Francisco Group on November 1, 2019, and of the America Group on December 2, which proportionally impacted comparability between the periods. The effects of these consolidations of the acquisitions are highlighted in the figures presented.

Beneficiaries and market share

With a growth of 6.6% over the year, the number of beneficiaries of Hapvida health insurance plans reached 3.75 million by the end of 2020. The increase is justified by the entry of 75 thousand beneficiaries from Medical, 53 thousand from São José Group and 44 thousand from RN Saúde.

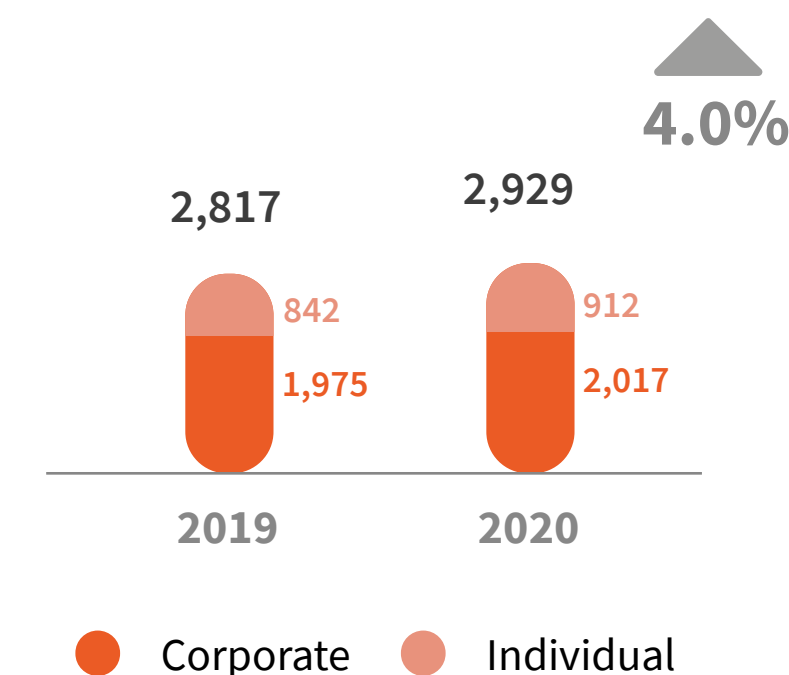
The net organic increase, without considering the acquisitions, was 55 thousand beneficiaries, being 23 thousand in individual plans and 32 thousand in group plans. In the acquired ones — GSF and America — the increase was of 6 thousand lives.

Number of health plan beneficiaries - Hapvida
(in thousands)



For dental plans, growth was 4.0%, with 2.9 million people. Organically, there was an increase of 70 thousand lives in individual plans and 39 thousand lives in group plans. In addition, another two thousand lives were provided care by group plans with the acquisition of Medical.

Number of dental plan beneficiaries - Hapvida
(in thousands)



Regarding market presence, Hapvida ended the year with a market share of 7.9% for health plans in Brazil, up 0.4 p.p. compared to the previous year. In the dental segment, the company began to cover 11.1% of the Brazilian market, a growth of 0.3 p.p. compared to 2019.

Market share evolution by segment and region

HEALTHCARE		
	2019	2020
North	25.2%	25.3%
Northeast	30.2%	29.9%
Midwest	12.2%	13.2%
Southeast	2.3%	2.9%
South	0.7%	0.8%
Total	7.5%	7.9%

DENTAL		
	2019	2020
North	30.4%	27.1%
Northeast	27.6%	31.0%
Midwest	10.7%	10.8%
Southeast	5.5%	4.7%
South	2.1%	3.1%
Total	10.8%	11.1%

Average ticket

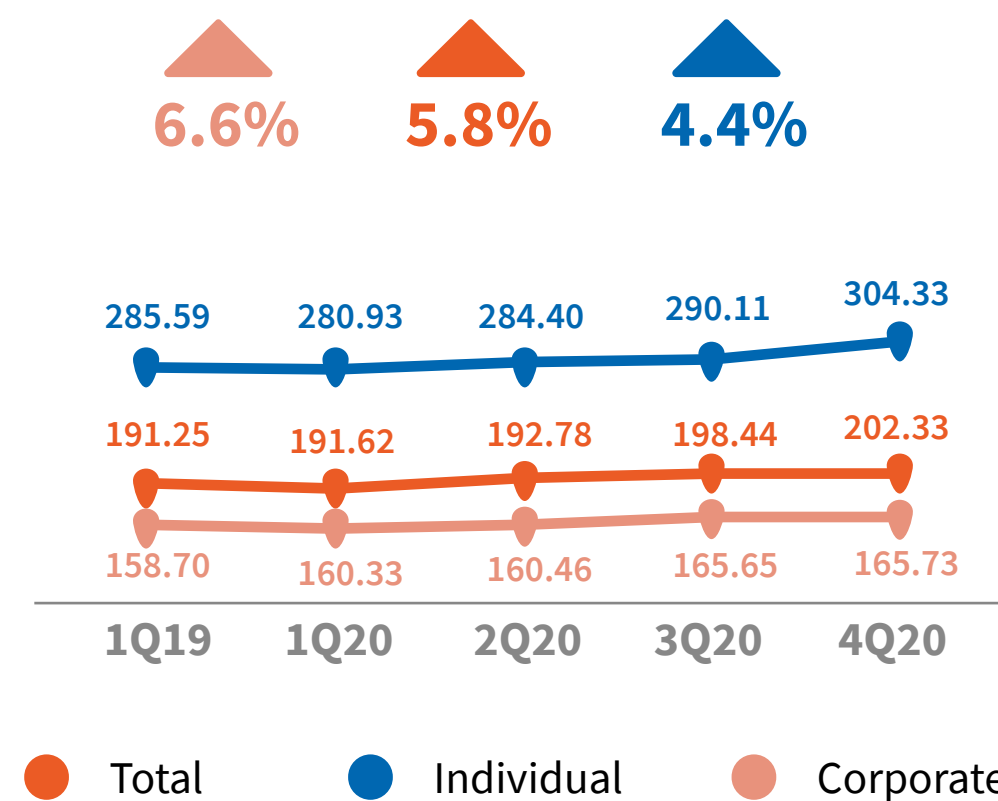
The average monthly ticket from health insurance plans at the end of 2020 was R\$ 202.33 — up 5.8% compared to 2019. Individual plans had an average ticket of R\$ 304.33. In corporate plans, the value was R\$ 165.73.

The increase in the average is explained by the sale of new insurance plans and the readjustments of existing contracts. The entry of beneficiaries from Medical and the São José Group also contributed to the increase, also due to their higher average ticket. The average ticket of São José Group had a growth of 2.8% compared to the end of 2019.

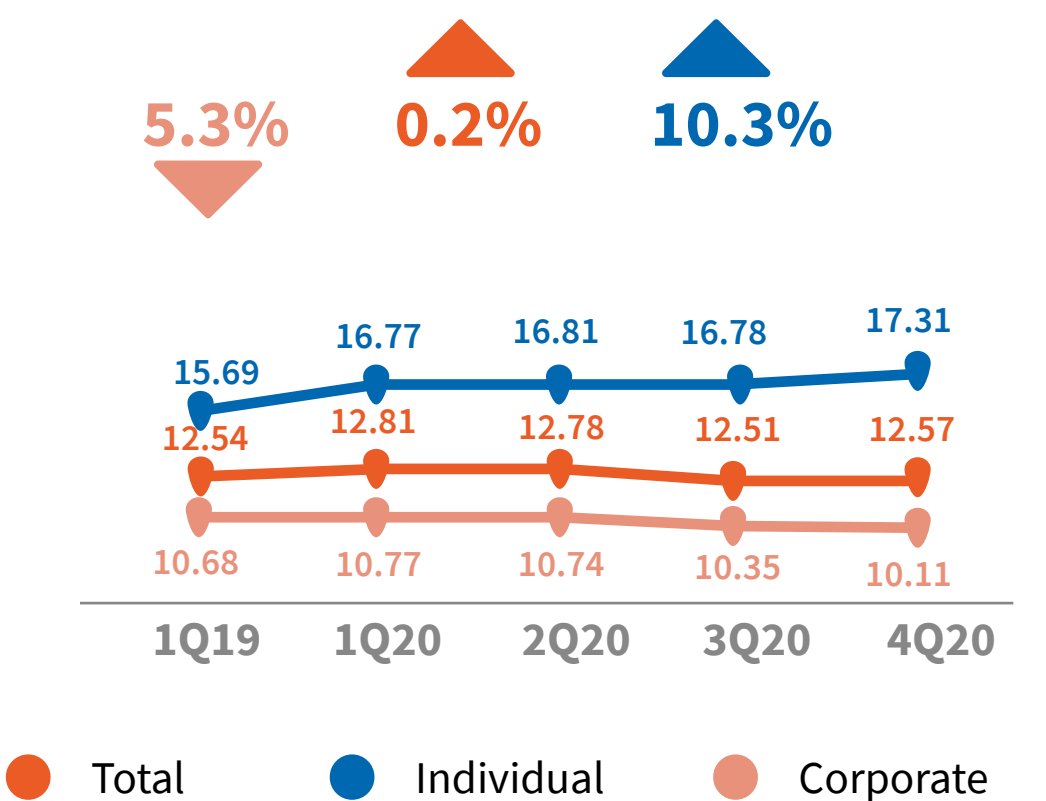
In the dental segment, the average ticket showed a growth of 0.2%, compared to the same period of 2019, reaching an average of R\$12.57. The average ticket for dental was R\$ 17.31 for individual plans and R\$ 10.11 for corporate contracts.

The modest growth rate is explained by the lowest average ticket of all units. The exception was the San Francisco Group, which showed an increase of 0.7% in the ticket compared to 2019, particularly for individual plans, with an increase of 6.0%.

Average health plan ticket - Hapvida (in R\$)



Average dental plan ticket - Hapvida (in R\$)

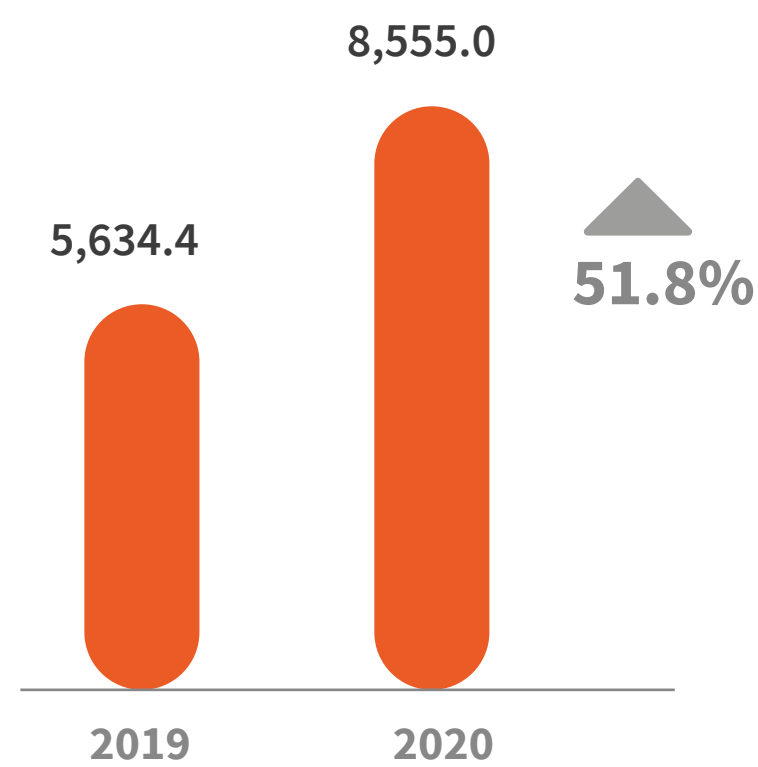


Net revenues

The incorporation at the end of 2019 of São Francisco Group and América, as well as RN Saúde, Medical, and São José Group at the end of 2020 was the main reason for Hapvida's revenue reaching R\$ 8.5 billion in the last financial year, a high of 51.8% when compared to the previous year. The result reflects the natural expansion of individual health and dental plans, combined with the readjustment of existing contracts.

Also, of note are the readjustments from revenues that were not charged in 2020 due to the pandemic, but which will be made throughout 2021, as determined by the National Health Agency of Brazil.

Net revenues (in R\$ million)



Medical care costs and medical care ratio (MCR)

Medical care costs rose by 53.2% in 2020 particularly due to the incorporations made. Composed of cash and non-cash assistance costs, such as depreciation and amortization (D&A), incidents of legal provisions for unforeseen events, and compensation provisions to the Unified Health System (ReSUS) also caused a significant impact.

Composition of medical care costs and MCR (in R\$ million)

	2019	2020	2019 x 2020
Medical care costs - Cash	(3,235.3)	(4,828.3)	49.2%
Depreciation and amortization	(93)	(162.7)	74.9%
IBNR provision	50.8	(6.1)	(112.0%)
SUS reimbursement provision	(122.9)	(211.9)	72.4%
Medical Care Costs - Total	(3,400.4)	(5,209.0)	53.2%
MCR - Cash (ex-Peona, ex-ReSUS, ex-D&A)	57.4%	56.4%	-1.0 p.p.
MCR (ex-SUS)	52.2%	58.2%	0.2 p.p.
Total MCR	60.4%	60.9%	0.5 p.p.

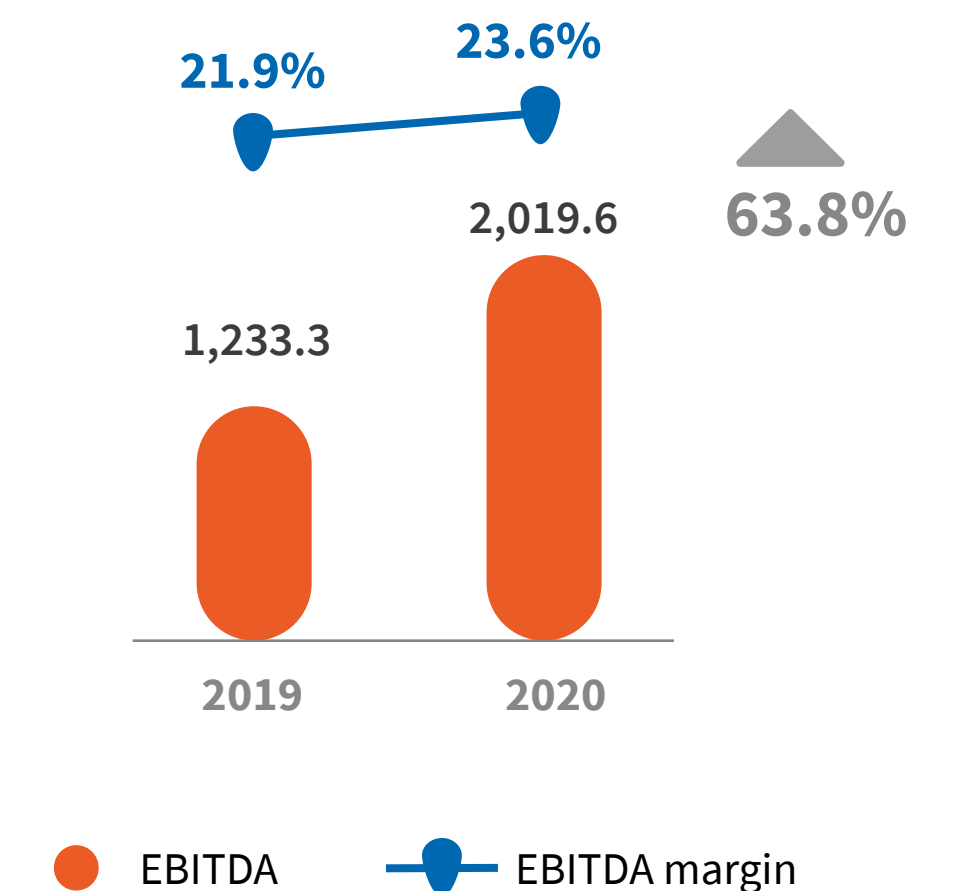
Total MCR reached 60.9% in 2020, an increase of 0.5 p.p. compared to 2019.

Throughout the year, visits and hospitalizations related to Covid-19 impacted expenses for personnel, materials, medicines, and third-party services. In 2020, the costs related to coping with the pandemic totaled R\$127.2 million.

EBITDA and EBITDA margin

Hapvida's EBITDA growth was significant, with a high of 63.8%, reaching a total of R\$ 2.0 billion. EBITDA margin was 23.6%, up 1.7 p.p.

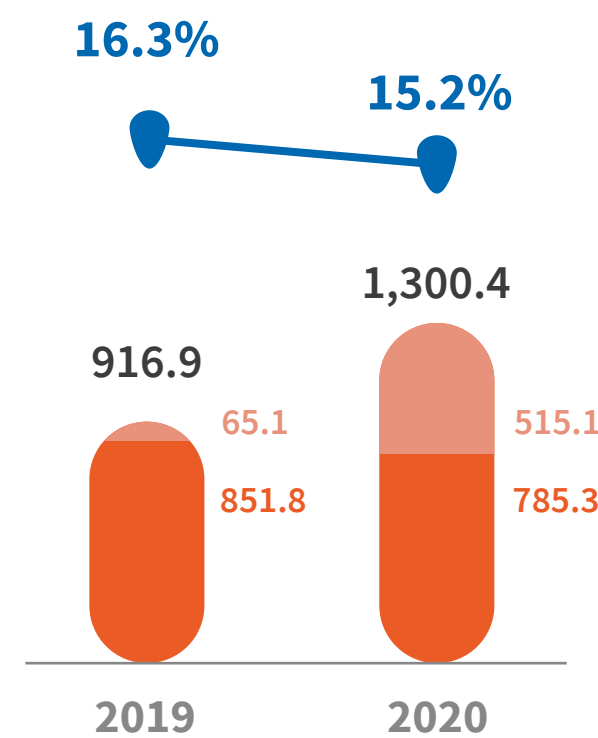
EBITDA and EBITDA margin (in R\$ million)



Net income and net income margin

Expunging the effect of non-cash amortization of the value added of the portfolios of beneficiaries from acquired companies, net income was R\$1.3 billion in the year 2020, representing a growth of 41.8%. Net income margin reached 15.2%, a slight decline of 0.9 p.p. based on the previous year.

Net income and net income margin (in R\$ million)

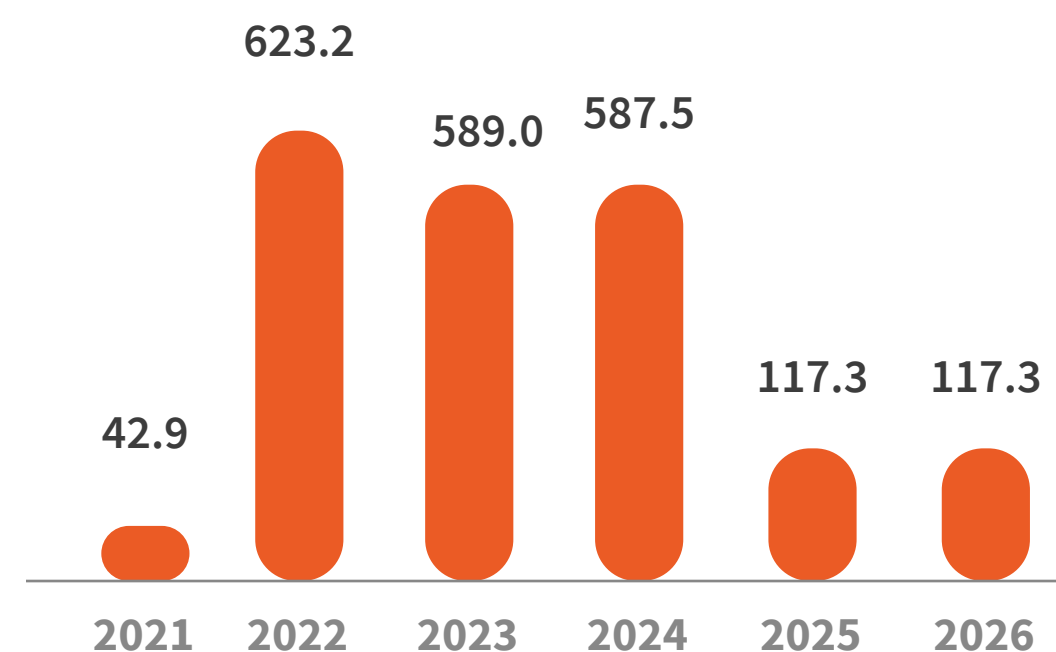


● Net income ● Amortization gains
— Net Income margin

Debt

At the end of 2020, the company had R\$2,016.4 billion in debt, consisting of the collection of its first debt, as well as the remaining balance from the acquired companies. The net financial debt/EBITDA index reached -0.6 x at the end of 2020 on account of the net cash position of R\$ 1.4 billion.

Debt amortization schedule (in R\$ million)



Economic value generated and distributed (em R\$ milhão)

	12/31/2019	12/31/2020
Revenues (1)	5,726,868	8,700,644
Inputs acquired from third parties (2)	-3,294,087	-4,888,507
Gross Added Value (1) - (2) = (3)	2,432,781	3,812,137
Depreciation and amortization (4)	-199,844	-752,486
Net added value produced by the Company (3) - (4) = (5)	2,232,937	3,059,651
Added value received on transfer (6)	310,580	151,931
Total added value to be distributed (5+6)	2,543,517	3,211,582
Distribution of added value	-2,543,517	-3,211,582
Personnel	-778,614	-1,273,816
Taxes, fees, and contributions	-687,693	-960,171
Remuneration of third-party capital	-225,364	-192,296
Remuneration of own capital	-851,846	-785,299

GRI 201-1

Stock split

In order to make the company's shares more accessible to a larger group of investors, mainly individuals, and provide greater liquidity to the paper, Hapvida carried out a stock split in November 2020.

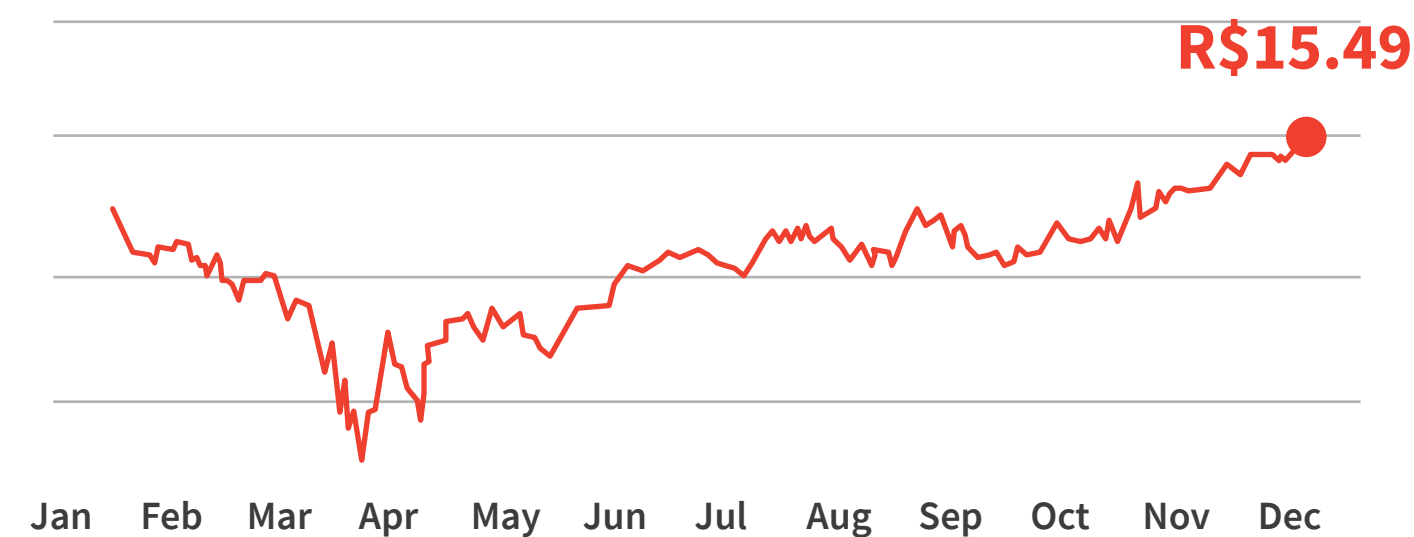
HAPV3 shares, launched in April 2018 at R\$ 23.50, have had optimal valuation since the opening of the Company's capital. At the end of the trading session on November 24, 2020, when the split was done, the individual stock price reached R\$ 71.92.

Thus, for each share held by shareholders, four new shares were distributed. The value of the initial share was split into five. After the split, five shares were worth R\$ 14.38 each, a total of R\$ 71.92.

Stock Performance

Hapvida ended the year with 3.7 billion shares on the open market, with an estimated market value of R\$ 57.31 billion. The valuation of the shares throughout 2020 was 22.0%. For comparison purposes, Ibovespa, the main index of B3, had a valuation of 2.9% in the cumulative year.

Stock Valorization - 2020



Rating

On June 30, 2020, the risk rating agency Fitch Ratings maintained the National Long-Term Rating 'AAA (bra)', the maximum investment rating for Hapvida Participações e Investimentos S. A. (Hapvida) and for the Company's first issue of debentures. The Outlook for the corporate rating is Stable.

“

We have been Hapvida investors since the IPO. We recognize that the company maintains the highest governance standards and has been a benchmark for dialogue and interaction with the market, in addition to showing a genuine interest in the opinion of its shareholders. We believe in its mission of offering and providing quality access to healthcare to the population. Even amid all the challenges that were posed in the health sector throughout 2020, Hapvida stood out as an example of transparency with its daily communication on COVID cases in Brazil.

Bruno Maragliano
Partner at Kiron Capital

”

Socio-environmental **performance**

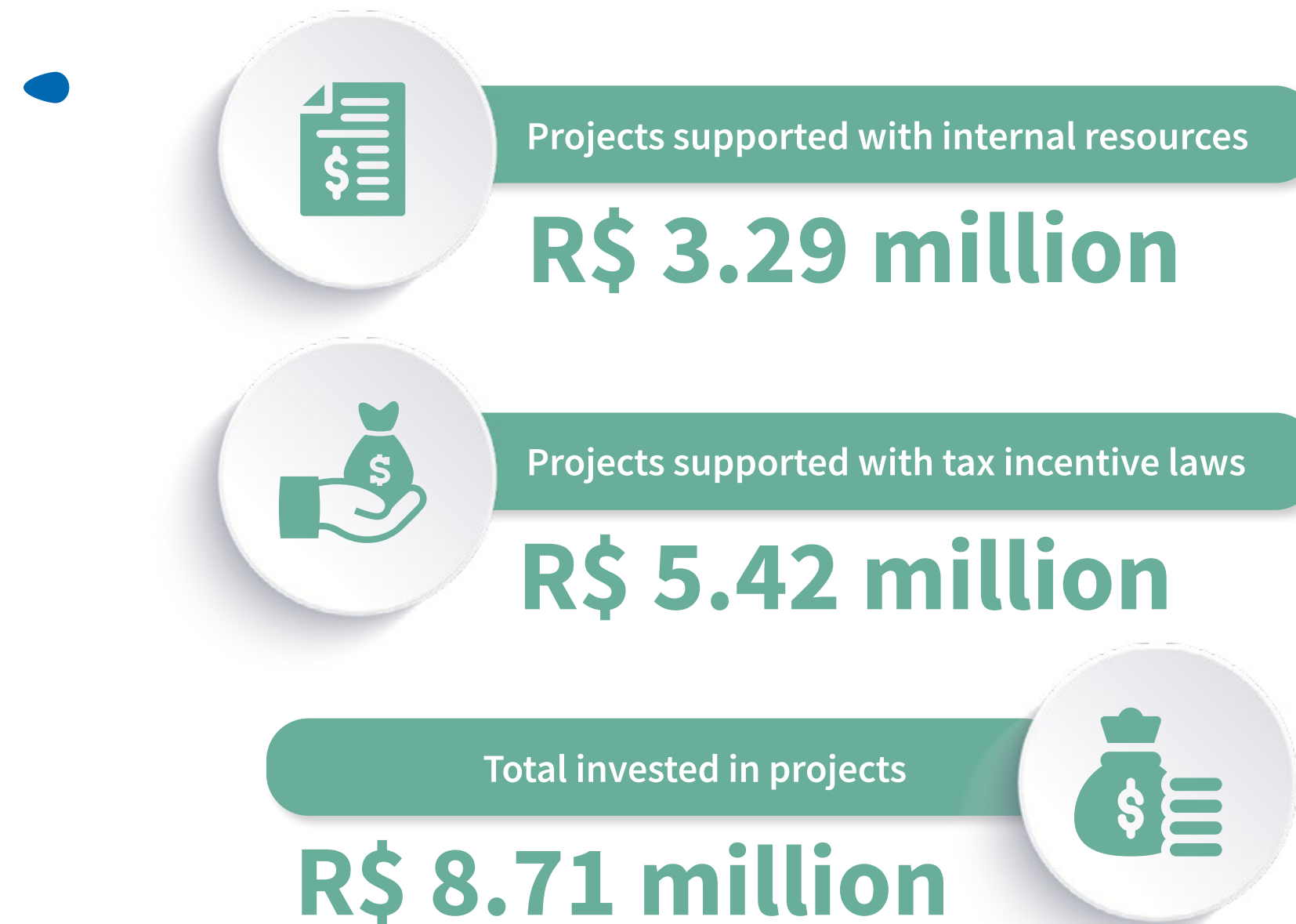


Social responsibility

103-1; 103-2; 103-3; 413-1

As part of its commitment to society, Hapvida works on projects that generate value and contribute to the development of people, seeking to promote the quality of life in the communities where it is inserted. Thus, the company invests in projects and sponsors programs and actions aimed at physical activity, environmental conservation, and education. These investments are made both with internal resources and through fiscal incentive mechanisms in force in the country.

Investment in social projects - 2020



Featured projects

INTERNAL RESOURCES

Hapvida +1k

Present in Manaus (AM), Recife (PE), Fortaleza (CE), Maceió (AL) and Salvador (BA), the project encourages the practice of exercises aimed at promoting a better quality of life, such as running and walking. In January 2020, the average attendance was eight thousand people. However, due to the Pandemic, face-to-face activities were suspended between the months of April and September in all locations. In order to keep participants active, Hapvida resorted to producing and broadcasting daily live streams, with physical activities on its YouTube and Facebook channels.

In Manaus, face-to-face activities were paralyzed until the end of December, due to the growth in the number of Covid-19 cases. In the other locations, they were resumed from October onward, maintaining all the protocols and safety recommendations of the World Health Organization (WHO). When resumed, the monthly average of participants was 2.5 thousand people.

VAMO

Alternative mobility system, VAMO collaborates to reduce the emission of greenhouse Gases (GHG) in Fortaleza (CE) by providing electric cars to drivers willing to make shared trips. In 2020, about five thousand drivers used the service.

Leisure Bike Lane (Ciclofaixa de Lazer)

In 2020, Leisure Bike Lane Ribeirão Preto (SP) joined the list of projects supported by Hapvida. The program stimulates the use of bicycles in the city's parks and proposes a new form of urban accessibility, which prioritizes family and social inclusion aimed at leisure, health, and community. Due to the pandemic, the project had its activities suspended in March, but resumed in the months of October, November, and December. Over the course of the year, an average of 140 thousand people benefited from the project.

INCENTIVE RESOURCES

Projects carried out through the Culture Incentive law

Parintins Festival

Despite the cancellation of all face-to-face activities and the postponement of the Parintins Festival (AM) set for June 2021, the largest folk show in the country, supported by Hapvida, did not hold back on celebration. Given the new scenario, the programming was adapted to digital format and mobilized many communities. In all, 24 thematic cultural lives were broadcasted between the months of April and October 2020. The online events were accompanied by hundreds of thousands of people, who watched them both through social networks and on open TV.

Feira Internacional do Livro | International Book Fair

In 2020, the International Book Fair of Ribeirão Preto had its twentieth anniversary. Due to the pandemic, the Books and Literature Foundation reinvented itself and hosted the event “20 hours of literature”. The event was attended by more than 6 thousand people connected from 18 countries.

Festival de Dança | Dance Festival

The 38th edition of the Joinville (SC) Dance Festival set for July 2020 was also adapted due to the pandemic scenario. Throughout the year, the Joinville Dance Festival Institute carried out actions to engage the captive audience in the shows in order to keep them engaged and motivated. It also continued to carry out engaging activities on social networks and the event's website, including challenges, virtual contests, motivational testimonial messages, podcasts, and lives.

Project ArtePraia

Held in Fortaleza (CE), the Arte Praia project promotes artistic interventions in everyday urban spaces. In its 5th edition, the exhibition of Visual Arts, focusing on Public Art, hosted activities designed specially to promote dialogue on art set on the coastal areas of Brazil. Via public notice, 10 artists residing in the country were invited to collaborate. After the selection, the implementation of the project was delayed due to the pandemic but is expected to resume in 2021.

Projects carried out through the Childhood and Youth Fund

Estação da Luz

A non-profit civil organization that operates in the municipality of Eusébio (CE) since 2004, Estação da Luz works with projects in three folds—education, culture, and sport—with approximately 800 participants, including children, adolescents, youths, and adults. The projects involve educational actions, football, rhythmic gymnastics, basketball, music, theater, and professional training. In 2020, under the guidance of the World Health Organization (WHO), Estação da Luz reconfigured its social projects to continue remotely, in compliance with the guidelines of the Ministry of Health and Government of the state of Ceará.

Programando e aprendendo | Programming and learning

Active since 2015, the project has focused on young students, mostly students from public schools of the municipalities of Maracanaú and Fortaleza (CE). They are taught to computer program, develop games, animations, and learn about educational robotics. In March 2020 there were 99 students in training, of which 67 in Maracanaú and 32 in Fortaleza, all linked to the Islands Project (Projeto Ilhas), developed by the Ana Lima Foundation. As of April, due to the pandemic, the project has been adapted to online format.

The Ana Lima Foundation

Supported by the Hapvida System, the Foundation, which has four care units—two in Ceará (Fortaleza and Maracanaú), one in Recife (PE) and another in Salvador (BA), has served more than 20 thousand children and adolescents and distributed about 1.6 million meals over the last five years.

Due to the pandemic, the projects were adapted to the online model throughout 2020, staying active with its main activities aimed at education. In addition, in the same period, the Foundation distributed around 230 thousand meals to people in a situation of social vulnerability—57 thousand breakfasts, 108 thousand soup dinners, 34.5 thousand food kits, and 29.8 thousand meals for children and families of the Islands Project.



Projeto Ilhas - Arte e Educação | The Islands Project - Art and Education

The project serves children and adolescents in Fortaleza and Maracanaú (CE), Recife (PE), and Salvador (BA).

With the suspension of activities at the foundation's facilities, due to the pandemic, the families of children who previously had two meals on-site, began to receive a monthly basic food basket with added proteins such as meat, chicken, eggs, as well as personal hygiene products. In Salvador, it was possible to maintain deliveries of daily food for a several months, with the distribution of ready-made meals.

For the schooling activities previously carried out in classrooms, online classes were implemented and transmitted daily, with delivery of activities and school supplies, according to the assigned school activities. Monitoring routines of the families' situation was carried out, with visits by social workers from each unit who worked to support home care and identify families that needed further support.

In 2020, the active enrollees in the Islands Project were between 7 and 17 years old. In all, 549 young people were served—144 in Fortaleza, 136 in Maracanaú, 137 in Recife, and 132 in Salvador.

Breakfast and Soup Dinners for Homeless People

Through the project, breakfast and soup are served to the homeless in Fortaleza (CE) and residents of the community of Coque, in Recife (PE), as well as food kits for the elderly in Fortaleza.

Suppliers

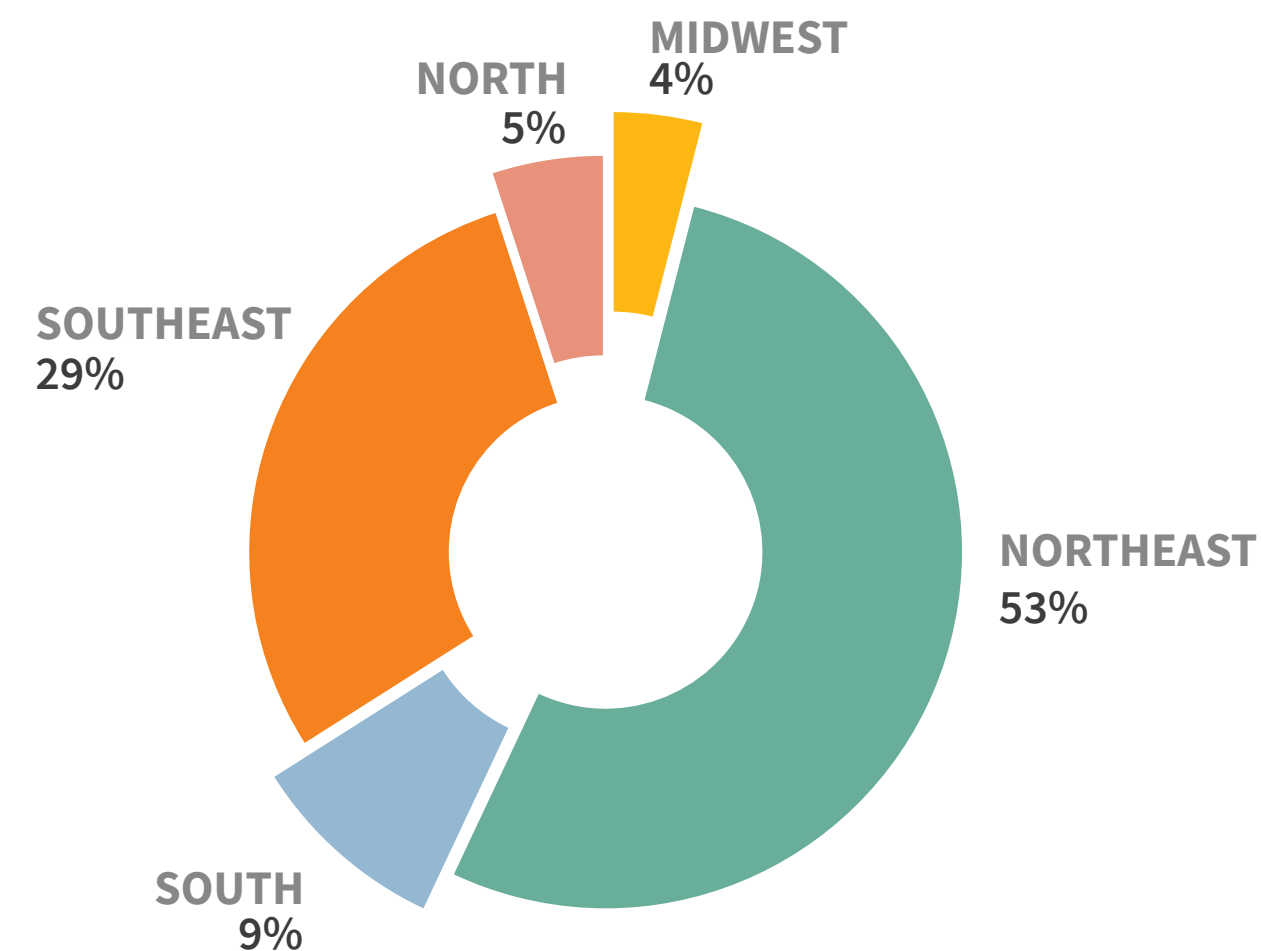
GRI 102-9; 204-1

Ethics, transparency and trust are what form the basis of the relationship between Hapvida and its suppliers, serving as the fuel that drives the Company on the path of sustainable development of its value chain.

The supply chain consists of 3,879 suppliers located in all regions of Brazil. In 2020, these partners were instrumental in the success of the measures taken to fight the pandemic, especially with regard to the materials needed to ensure the care of beneficiaries in the most affected areas.

To ensure efficiency in logistics and material supply, the company's supply department directed around R\$ 937.7 million⁹ to the payment of suppliers in 2020. Of the total, about 90% was directed to contracts with local companies in states where Hapvida operates.

Percentage of payments paid to local suppliers by region



Institutional relationship

GRI 102-13

Committed to connected, active and transparent social activity, Hapvida maintains close relationships with associations, campaigns, entities of trade unions, businesses and organizations that strive for sustainable social, professional, and business development, as does the Company. The following is the list of organizations to which the company remained associated in 2020.

Lide SP - Group of Business Leaders

Lide Gold SP

Lide litoral Paulista

ACIJ – Joinville Business Association

ABRH AM – Brazilian Association of Amazonas Human Resources

Junior Achievement Association-Fortaleza

IBEF CE – Brazilian Institute of Finance Executives

⁹ Included in the value chain are the costs associated with all our own and incorporated units, the main investments being made in laboratory services, medical supplies, and technology.

Regulatory body

GRI 419-1

The Hapvida System has a transparent and respectful relationship with the National Supplementary Health Agency (ANS). The regulatory body calculates and publishes the General Complaint Index (IGR), whose main function is to evaluate customer service by operators in the sector and monitor the resolution of problems pointed out by beneficiaries¹⁰. The assessment is carried out month by month. Throughout the year, the company managed to hold between the 37th and 46th positions (minimum and maximum), reaching the 39th position in December 2020. For reference, the farther from 1st place, the better the situation of the health care provider.

- To revamp the reception and resolution of complaints received from beneficiaries, the company has established a monthly goal of receiving notification of preliminary intermediation (NIP)¹¹, divided among the business areas, which aim to carry out action plans to reduce problems that cause the receipt of NIPs.

Complaints and sanctions

As of December 2020, the operator had 197 cases in the infringement procedure phase—the first phase of the administrative procedure, 179 in first level decision (second phase) and 604 in second level decision (final). Of the administrative procedures cited, 57% are related to care coverage, the main reason for complaints. Over the period, the Hapvida system received 980 sanctions, which totaled R\$ 83.33 million paid.

IDSS

ANS annually reports the supplementary health Performance Index, part of the Operator Qualification Program (PQO), an initiative developed for the annual evaluation of the performance of health insurance plan operators.

The IDSS provides a set of indicators grouped in four dimensions, calculated from data extracted from the ANS information systems or collected in the National Health Information Systems. In 2020, ANS released IDSS 2019 (base year 2018).



Overall result of IDSS 2020: **0.759**

Overall result of IDSS 2019: **0.762**

¹⁰ The results of the index are calculated based on the analysis of a sample of 10,000 beneficiaries of the operator.

¹¹ A NIP is the complaint issued by the consumer to ANS, which if not resolved causes the opening of administrative proceedings with a fine to the operator.

Awards and recognitions

For its constant efforts to better serve and communicate with all its publics of interest, provide more resources to the beneficiary, and innovate platforms and services, Hapvida received several awards and recognitions in 2020.

INSTITUTIONAL INVESTOR RANKING



Recognition in the categories Best CEO and CFO, Best Professional, IR Program and Team, Best Analyst Day, and Best in Sustainability.



7TH CONAREC AWARD

- Professional of the Relationship Sector of Brazil in the Health Category
- Featured in the inventive of best practices in customer relationship with executive Rejane Abreu, National Superintendent of Customer Service and Customer Experience.
- Best in Brazil's "Relationship Sector" in the Health Category.

MARCAS QUE EU GOSTO | BRANDS I LIKE



1st place in the categories Private Hospital and Health Insurance Plan, and 2nd place for the Life & Image award. Recognition achieved for the 7th consecutive time for the Pernambuco Award.

WOW INNOVATION AWARD!



Award for most innovative company in the "Insurance and Health Plans" segment, and one of the 100 Most Innovative Companies in Brazil (among the three thousand registered).

PROJECT MANAGEMENT INSTITUTE (PMI-CE)



Award for best PMO-CE (Project Office) and Best PMO-CE Manager of the Year 2019.

Hapvida has been a partner of the Estação da Luz for about 18 years. Thanks to its investments, we can maintain and develop innovative actions based on respect for the human being, education, and sports. We currently collaborate daily with the social transformation of more than 600 children, adolescents, and adults. These actions are extended to the families of our patients, which increases the number of beneficiaries of our programs. In the area of culture, with the support of Hapvida, we were able to develop theater, music, and film projects. The reach in this segment exceeds the number of one million people directly benefited. For this we are immensely grateful to Hapvida. The importance of this partnership is incalculable.

Sidney Girão
President of the NGO Estação da Luz

Environmental Management

GRI 103-1; 103-2; 103-3

In 2020, considering the challenges imposed by the accelerated expansion of the business, with the incorporation of hundreds of operating units in different regions of the country, Hapvida created the sustainability department to reconcile the company's actions in search of the balance among economic, social and environmental dimensions. The company remained committed to ensuring compliance with current environmental legislation while studying alternatives for assertive identification and monitoring of the impact of its activities on the environment.

- The following information is presented regarding the management and performance of the most relevant environmental aspects for the business: waste, water, energy, and emissions.

Waste Management

GRI 306-3; 306-4; 306-5

In each operating unit of the company, The Health Services Waste Management Plan (PGRSS) is followed both by our own teams and by service providers contracted for the collection and final destination of discarded materials.

Over the course of 2020, Hapvida generated about 9.7 thousand tons of waste¹². Of this total, 28.0% were infectious waste, destined for incineration (external), and 72.0%, common waste sent to landfills in surrounding areas of the units. Compared to the one reported in the previous year, there was a 66% increase in the volume of waste, due especially, to the new units aggregated to the records from acquisitions—increased from 160 to 368 (Hapvida and the recently acquired Agemed, América, Medical, RN Saúde, São Francisco and Parauapebas).

¹² Estimated data based on waste transport manifestos (MTR).



Water and energy

GRI 302-1; 303-5

Essential to carrying out activities in all operating units, water and energy consumption¹³ is monitored by the Hapvida system, which also develops a series of initiatives to reduce the use of these resources. Among these initiatives, we highlight the adoption of sustainable criteria, both in new construction projects and in the reforms of existing infrastructure, such as:

- The adoption of water taps with timers;
- Water-saving toilet flushers;
- Application of UVA films on the glasses of different spaces to better control the thermal exchange between the internal and external area and thus spend less energy on air conditioning;
- Air conditioning system with variable refrigerant gas flow, with reduced energy consumption;
- Prioritization whenever possible of more horizontal buildings with larger internal environments to avoid the use of elevators and a better organizational layout of hospital areas;
- Application of permeable floors to ensure natural thermal comfort;



In 2020, the monitoring of water and energy consumption was carried out in a decentralized manner, based on records provided by the distributors of these inputs in each region. At the end of the year, the integration of these data had not yet been completed, so the consolidated consumption of all operating units, by type and source, was not available. Thus, we present below the figures regarding the operating units of Hapvida and the recently acquired RN Saúde and Parauapebas, which will serve as a basis for the comparability of performance in the coming years¹⁴.

Thus, the total energy consumption throughout 2020, considering electricity and fuels, was 254.4 thousand GJ. Of this total, 83.2% corresponds to electricity and 16.8% to fuels, of which 99.9% have non-renewable origin (diesel, gasoline, LPG, and kerosene).

Regarding water, the consumption recorded in the above-mentioned units was 896.5 ML. All this volume was supplied by local supply companies.

¹³ Water and energy consumption data were calculated based on the amounts paid to utilities and suppliers in the year 2020.

¹⁴ Considering the change in the reference units, comparability with the consumption data reported in the previous year became ineffective.

About the **report**



Report profile

GRI 102-45; 102-48; 102-49; 102-50; 102-51; 102-52; 102-53; 102-54

This is the second edition of Hapvida's Sustainability Report guided by the guidelines of the Global Reporting Initiative (GRI), a global, non-profit multi-stakeholder organization, which suggests topics, approaches, and indicators to ensure the quality of corporate reporting, thus enabling comparison of performance between organizations from different countries. Based on these guidelines, this publication presents information on the company's business model and governance structure, as well as data that reflect environmental, social, and economic performance for the period from January 1th to December 31th, 2020.

Such information concerns the Hapvida system, based in Fortaleza (CE), and the subsidiaries that concentrated the majority of its turnover, as well as the majority of its operations in the period, as presented in the 2020 Management Report and Financial Statements¹⁵. Thus, the companies acquired by the company in the last quarter of the year were excluded from the 2020 Sustainability Report, due to the period required for business integration.

Following the latest version of guidelines proposed by GRI (Standards), this Report contemplates the “essential” scope, presenting indicators relevant to the topics considered concrete for the period (See page 65). Thus, the topics reported are based on the analysis of existing policies and practices, the availability



of information, and also the positioning of other organizations in the sector, as well as the influence of the company's conduct on the decisions of its stakeholders.

Coordinated by the sustainability department, the drafting process of the report involves the participation of several teams of the company, which consolidate data and provide information and analysis related to different perspectives of the business and its relationship with sustainability.

Hapvida System Sustainability Reports are published annually and can be accessed on our website. The last edition was released in July 2020, referring to 2019. Considerations concerning the publication—such as questions, comments, and suggestions—can be communicated by email at sustentabilidade@hapvida.com.br.

¹⁵It includes São Francisco Group, América Group, RN Saúde, Medical, and São José Group. Socio-environmental indicators correspond to approximately 75% of the operating units

Stakeholder engagement

GRI 102-40; 102-42; 102-43

In line with GRI's guidelines, the company's Sustainability Report has the engagement of stakeholders as a fundamental step in defining the relevant topics to be addressed in the publication. To ensure that both the interests of the company and that of its different publics of interest were considered, the first phase of drafting this edition was the engagement process developed in the first half of 2020, which focused on the 2019 Report and 414 people participated.

In early 2021, in the face of the context of the pandemic, the contextual study carried out for the definition of materiality was revised, in the light of reference documents on related issues prepared by various institutions, such as the Intergovernmental Panel on Climate Change (IPCC), B3, International Integrated Reporting Council (IIRC), United Nations Global Pact, World Economic Forum, Sustainability Accounting Standards Board (SASB), and the Financial Stability Board (FSB) – within the scope of the Task Force on Climate-Related Financial Disclosures (TCFD).

Based on this review, a new survey was carried out on the stakeholders' sample with the collaboration of representatives of different interested parties — employees, investors, suppliers, doctors, dentists, patients, the community, and financial institutions — to confirm the relevance of the topics related to sustainability pre-listed by the Company. 60 people participated in this phase, of which the most representative groups were employees (37%), doctors and dentists (23%), and customers (13%)



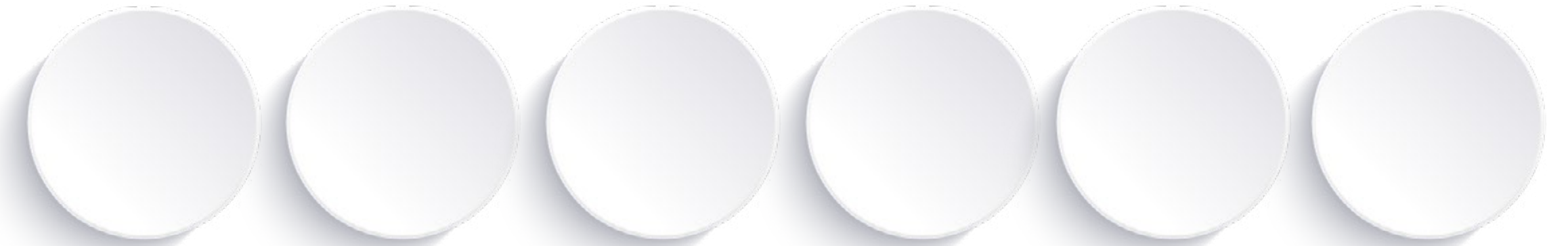
Material topics

GRI 102-44; 102-46; 102-47

For the reporting cycle for 2020, the material topics defined in the previous year were maintained and distributed among six fundamental axes and 17 topics – of the 15 themes presented in the previous edition, two were added: access to healthcare services and practices for innovation. Because the context of the Covid-19 pandemic had the greatest impact on the topics already included, the latest publication the report delves into coping with the health crisis in different aspects, such as labor health and safety, supporting local communities, and operational and economic-financial performance.

Thus, the definition of the topics to be reported combines the concerns of stakeholders with the analysis of aspects considered priority by the Hapvida System both externally and internally. At the external level, this analysis was guided by the 2030 Agenda for Sustainable Development proposed by the United Nations (UN). Internally, the Company evaluated its priorities in relation to sustainability based on its strategies and policies in a process that considers the significance of the economic, environmental, and social impacts of each aspect, as well as its influence on the evaluations and decisions of the stakeholders.

The following summary presents the topics considered indispensable for the 2020 Hapvida Sustainability Report, containing the six most relevant axes, which unfold into material aspects, topics, and indicators (GRI disclosures) reported. Lastly, the table demonstrates the intersection between the material topics, the Sustainable Development Goals (SDGs), and their respective targets (where applicable).



GRI summary

GRI 102-55

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE	JUSTIFICATION
ORGANIZATIONAL PROFILE				
GRI 102: General themes 2016	102-1	Name of organization	3 and 11	
	102-2	Activities, brands, products, and services	7, 12 and 16	
	102-3	Location of headquarters	7	
	102-4	Location of operations	7	
	102-5	Ownership and legal nature	11	
	102-6	Markets served	7	
	102-7	Organization size	7	
	102-8	Information about employees and other workers	29	
	102-9	Supply chain	57	
	102-10	Significant changes in the organization and supply chain	12	
	102-11	Adoption of approach or precautionary principle	-	The Company is structuring its environmental policies and practices; thus, it does not yet respond directly to this disclosure.
	102-12	External initiatives	-	In 2020, the company was not a signatory to external sustainability initiatives.
	102-13	Participation in associations	57	
STRATEGY				
	102-14	Statement by the executive with the greatest decision-making power in the organization	3	

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE	JUSTIFICATION
ETHICS AND INTEGRITY				
	102-16	Values, principles, standards and behavioral rules	14 and 24	
	102-17	Counselling mechanisms	24	
GOVERNANCE				
	102-18	Governance structure	21	
STAKEHOLDER ENGAGEMENT				
	102-40	List of stakeholder groups	64	
	102-41	Employees covered by collective bargaining agreements	32	
	102-42	Identification and selection of stakeholders	64	
	102-43	Approach to engaging stakeholders	64	
	102-44	Themes and concerns raised by stakeholders	65	
REPORTING PRACTICES				
	102-45	Entities included in the financial statements	47 and 63	
	102-46	Definition of content and limits of material topics	65	
	102-47	List of material topics	65	
	102-48	Reformulations of information	63	As a result of the acquisitions made during the reporting period, it was not possible to present the historical evolution of a few certain indicators. Where applicable the operational units covered by the data have been identified.
	102-49	Reporting changes	63	
	102-50	Reporting period	63	
	102-51	Date of most recent report	63	
	102-52	Reporting cycle	63	The report is published annually.

GRI 102: General themes 2016

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE	JUSTIFICATION
GRI 102: General themes 2016	102-53	Contact for questions about the report	63	
	102-54	Reporting premises in accordance with GRI Standards	63	
	102-55	Summary of GRI content	66	
	102-56	External verification	-	The report was not verified by an external audit.
DESEMPENHO ECONÔMICO E INOVAÇÃO				
GRI 103: Management approach 2016	103-1	Explanation of material topics and their limits	15 and 47	
	103-2	Management of the material topic	15 and 47	Complete information can be found in our Financial Statements .
	103-3	Evolution of management	15 and 47	Complete information can be found in our Financial Statements .
GRI 201: Economic performance 2016	201-1	Economic value generated and distributed	51	
ECONOMIC DEVELOPMENT AND INNOVATION				
GRI 103: Management approach 2016	103-1	Explanation of material topics and their limits	24	
	103-2	Management of the material topic	24	
	103-3	Evolution of management	24	
GRI 205: Anti-corruption 2016	205-2	Communication and training in policies and procedures in the fight against corruption	24	
	205-3	Confirmed cases of corruption	24	
GRI 406: Non-Discrimination 2016	406-1	Cases of discrimination and the corrective measures adopted	24	
GRI 412: Human Rights assessment 2016	412-2	Employee training programs in human rights policies or procedures	30	
GRI 419: socioeconomic compliance 2016	419-1	Cases of non-compliance with socioeconomic laws and regulations	58	

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE	JUSTIFICATION
ENVIRONMENTAL MANAGEMENT				
GRI 103: Management approach 2016	103-1	Explanation of material topics and their limits	60	
	103-2	Management of the material topic	60	
	103-3	Evolution of management	60	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	61	
GRI 303: Water and Effluents 2018	303-5	Water consumption	61	
GRI 305: Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	-	Information not registered in 2020 according to GRI guidelines.
	305-2	Indirect greenhouse gas (GHG) emissions from energy procurement (Scope 2)	-	Information not registered in 2020 according to GRI guidelines.
	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	-	Information not registered in 2020 according to GRI guidelines.
GRI 306: Waste 2020	306-3	Waste generated	60	
	306-4	Waste not destined for final disposal	60	
	306-5	Waste destined for final disposal	60	
EMPLOYEE CARE				
GRI 103: Management approach 2016	103-1	Explanation of material topics and their limits	27 and 28	
	103-2	Management of the material topic	27 and 28	
	103-3	Evolution of management	27 and 28	
GRI 401: Employment 2016	401-1	New hires and employee turnover	29	
	401-2	Benefits	32	
GRI 403: Health and security in the workplace 2018	403-8	Workers covered by an occupational health and safety management system	28	
	403-9	Occupational injuries	28	Partial response. The way in which Hapvida monitors occupational injuries is different from that proposed by GRI guidelines. The data presented correspond to the CATs issued by the Company in the period and do not cover third parties.

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE	JUSTIFICATION
GRI 404: Training and education 2016	404-1	Average number of training hours per employee	30	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and staff	29	
CONTRIBUTIONS TO LOCAL DEVELOPMENT				
GRI 103: Management approach 2016	103-1	Explanation of material topics and their limits	54	
	103-2	Management of the material topic	54	
	103-3	Evolution of management	54	
GRI 204: Procurement Practices	204-1	Proportion of spending with local suppliers	57	
GRI 413: Local communities 2016	413-1	Operations with local community engagement programs, impact assessment, and local development	54	
CUSTOMER RELATIONSHIP				
GRI 103: Management approach 2016	103-1	Explanation of material topics and their limits	35	
	103-2	Management of the material topic	35	
	103-3	Evolution of management	35	



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Hapvida 2020 Sustainability Report

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